

Siyancuma

MUNICIPALITY

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2010

SIYANCUMA LOCAL MUNICIPALITY

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SIYANCUMA LOCAL MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

NATURE OF BUSINESS

Siyancuma Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Siyancuma Municipality includes the following areas:

Douglas
Griekwastad
Campbell
Schmidsdrift

MEMBERS OF THE MAYORAL COMMITTEE

Mayor	<i>R. Gallant</i>
Councillor	<i>L. Oliphant</i>
Councillor	<i>R. Ruele</i>
Councillor	<i>A. Marekwa</i>
Councillor	<i>A. van Niekerk</i>
Councillor	<i>F. Swartz</i>
Councillor	<i>K. Mgade</i>
Councillor	<i>J. Schreuder</i>
Councillor	<i>C. Olyn</i>

MUNICIPAL MANAGER

I.W.J Stadhouer

CHIEF FINANCIAL OFFICER

(Acting) P.J.E. Bloem

REGISTERED OFFICE

<i>7 Charl Street</i>	<i>P.O. Box 27</i>
Douglas	Douglas
<i>8730</i>	<i>8730</i>

AUDITORS

Auditor-General (NC)
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

Standard Bank, Douglas *First National Bank, Douglas*

ATTORNEYS

Herman van Heerder Attorneys

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

SIYANCUMA LOCAL MUNICIPALITY

MEMBERS OF THE SIYANCUMA LOCAL MUNICIPALITY

WARD	COUNCILLOR
1	<i>F. Swartz</i>
1	<i>J. Schreuder</i>
2	<i>A. van Niekerk</i>
3	<i>R. Gallant</i>
3	<i>K. Mgade</i>
4	<i>L. Oliphant</i>
5	<i>R. Ruele</i>
5	<i>A. Marekwa</i>
5	<i>C. Olyn</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 74 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I.W.J Stadhauer
Municipal Manager

1 February 2011
Date

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Notes	2010 R	2009 R
NET ASSETS AND LIABILITIES			
Net Assets		121 310 788	98 894 536
Government Grant Reserve	2	-	-
Accumulated Surplus		121 310 788	98 894 536
Non-Current Liabilities		6 822 823	6 706 687
Long-term Liabilities	3	521 773	671 896
Employee benefits	4	6 301 050	6 034 791
Non-Current Provisions	5	-	-
Current Liabilities		15 810 448	14 132 963
Consumer Deposits	6	173 135	166 370
Current Employee benefits	7	2 285 125	2 919 734
Trade and other payables	8	3 280 130	2 084 942
Unspent Conditional Government Grants and Receipts	9	6 879 872	3 796 928
Vat payable from exchange-transactions	10	3 042 062	2 475 136
Cash and Cash Equivalents	22	-	2 557 818
Current Portion of Long-term Liabilities	3	150 124	132 035
Total Net Assets and Liabilities		143 944 059	119 734 186
ASSETS			
Non-Current Assets		125 945 459	114 555 884
Property, Plant and Equipment	11	125 543 266	114 114 554
Investment Property	12	-	-
Intangible Assets	13	392 293	441 330
Biological Assets	14	-	-
Long-Term Receivables	15	9 900	-
Current Assets		17 998 600	5 178 302
Inventory	16	-	-
Trade Receivables from exchange transactions	17	5 015 827	939 210
Other Receivables from non-exchange transactions	19	2 545 640	1 776 859
Unpaid Conditional Government Grants and Receipts	9	3 795 299	2 383 178
Operating Lease Asset	21.1	28 443	22 740
Cash and Cash Equivalents	22	6 613 391	56 315
Total Assets		143 944 059	119 734 186

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 (Actual) R	2009 (Restated) R	Correction of error R	2009 (Previously reported) R
REVENUE					
Revenue from Non-exchange Transactions		45 191 205	46 045 562	26 188 564	19 856 998
Taxation Revenue		4 847 313	4 118 567	-	4 118 567
Property taxes	23	4 847 313	4 118 567	-	4 118 567
Transfer Revenue		39 880 539	41 603 472	25 865 041	15 738 431
Government Grants and Subsidies - Capital	24	16 887 201	23 203 556	7 465 125	15 738 431
Government Grants and Subsidies - Operating	24	22 993 338	18 399 916	18 399 916	-
Other Revenue		463 353	323 523	323 523	-
Actuarial Gains		354 797	235 293	235 293	-
Fines		108 556	88 230	88 230	-
Revenue from Exchange Transactions		34 568 662	29 151 545	-90 912	29 242 457
Service Charges	25	32 732 335	27 168 183	-27 941	27 196 124
Rental of Facilities and Equipment		309 454	396 998	396 998	-
Interest Earned - external investments		355 301	161 668	-	161 668
Interest Earned - outstanding debtors		301 214	231 716	-	231 716
Licences and Permits		615 019	571 277	571 277	-
Agency Services		7 480	-	-	-
Other Income	26	247 859	621 703	-1 031 246	1 652 949
Total Revenue		79 759 867	75 197 107	26 097 652	49 099 455
EXPENDITURE					
Employee related costs	27	20 154 369	19 603 609	133 874	19 469 735
Remuneration of Councillors	28	1 961 812	2 064 268	-	2 064 268
Debt Impairment	29	1 571 527	5 346 784	1 311 846	4 034 938
Depreciation and Amortisation		5 507 525	4 401 711	4 401 711	-
Repairs and Maintenance		1 192 343	1 300 090	95 774	1 204 316
Finance Charges	30	1 997 706	2 564 671	617 629	1 947 042
Bulk Purchases	31	10 593 778	9 554 590	-2 019	9 556 609
Other Operating Grant Expenditure		2 313 128	2 661 484	2 661 484	-
General Expenses	32	12 051 422	11 413 233	-214 355	11 627 588
Total Expenditure		57 343 610	58 910 440	9 005 944	49 904 496
Operating Surplus for the Year		22 416 257	16 286 667	17 091 708	-805 041
Loss on disposal of Property, Plant and Equipment/Investment Property		-	-	-	-
Gain on disposal of Property, Plant & Equipment/Investment Property		-	-	-	-
NET SURPLUS FOR THE YEAR		22 416 257	16 286 667	17 091 708	-805 041

SIYANCUMA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Government Grant Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 JULY 2008	19 838 171	-16 805 872	3 032 299
Correction of error - See Note 34.14	-19 838 171	125 143 147	105 304 976
Change in accounting policy - See Note 33.05	-	-5 825 155	-5 825 155
Restated Balance at 1 JULY 2008	-	102 512 120	102 512 120
Net (Deficit) for the year	-	-805 041	-805 041
Change in accounting policy - See Note 33.07	-	-836 913	-836 913
Correction of error - See Note 34.15	-	17 928 620	17 928 620
Offsetting of depreciation	-280 308	-	-280 308
Rounding	-	3	3
Balance at 30 JUNE 2009	-280 308	118 798 789	118 518 481
Change in accounting policy - See Note 33.05	-	-	-
Correction of error - See Note 34.14	280 308	-19 904 253	-19 623 945
Restated Balance at 1 JULY 2009	-	98 894 536	98 894 536
Net Surplus for the year	-	22 416 257	22 416 257
Rounding	-	-5	-5
Balance at 30 JUNE 2010	-	121 310 788	121 310 788

SIYANCUMA LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other - Exchange Transactions		26 924 250	27 447 538
Cash receipts from ratepayers, government and other - Non-Exchange Transactions		47 435 085	39 544 679
Cash payments to suppliers and employees		-47 447 803	-46 106 559
Cash receipts and payments on VAT transactions		566 926	-227 902
Cash generated/(absorbed) by operations	35	27 478 458	20 657 756
Interest Received		656 515	393 384
Interest Paid		-1 997 706	-2 564 671
Net Cash from Operating Activities		26 137 267	18 486 469
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		-16 887 201	-23 203 556
Net Cash from Investing Activities		-16 887 201	-23 203 556
CASH FLOW FROM FINANCING ACTIVITIES			
New loans (repaid)		-132 034	-116 183
(Increase)/Decrease in Long-term Receivables		-9 900	-
Increase/(Decrease) in Consumer Deposits		6 765	8 238
Rounding		-3	4
Net Cash from Financing Activities		-135 172	-107 941
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9 114 894	-4 825 028
Cash and Cash Equivalents at the beginning of the year		-2 501 503	2 323 525
Cash and Cash Equivalents at the end of the year	36	6 613 391	-2 501 503
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9 114 894	-4 825 028

**ACCOUNTING PRINCIPLES AND POLICIES NOTES APPLIED IN THE
FINANCIAL STATEMENTS**

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 “Determining the GRAP Reporting Framework”, issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economics
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets
IPSAS 20	Related Party Disclosure
IFRS 3 (AC140)	Business Combinations
IFRS 4 (AC141)	Insurance Contracts
IFRS 6 (AC143)	Exploration for and Evaluation of Mineral Resources
IFRS 7 (AC144)	Financial Instruments: Disclosure
IFRS 12 (AC102)	Income Taxes

IFRS 19 (AC116)	Employee Benefits
IFRS 32 (AC125)	Financial Instruments: Presentation
IFRS 39 (AC133)	Recognition and Measurement
SIC – 20 (AC421)	Income Taxes – Recovery of Revaluated Non-Depreciable Assets
SIC – 25 (AC425)	Income Taxes – Changes in the Tax Status on an Entity or its Shareholders
SIC – 29 (AC429)	Service Concessions Arrangements – Disclosures
IFRIC 2 (AC435)	Members' Shares in Co-operative Entities and Similar Instruments
IFRIC 4 (AC437)	Determining whether an Arrangement contains a Lease
IFRIC 9 (AC442)	Reassessment of Embedded Derivatives
IFRIC 12 (AC445)	Service Concession Arrangements
IFRIC 13 (AC446)	Customer Loyalty Programmes
IFRIC 14 (AC447) IAS19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IFRIC 15 (AC448)	Agreements for the Construction of Real Estate
IFRIC 16 (AC449)	Hedges in a Net Investment in a Foreign Operation

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 12 – Inventories
 GRAP 13 – Leases
 GRAP 16 – Investment Property
 GRAP 17 – Property, Plant and Equipment
 GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets
 GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations
 GRAP 101 – Agriculture
 GRAP 102 – Intangible Assets

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure and note 39 to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
IGRAP 2	Changes in Existing Decommissioning, Restoration and Similar Liabilities

The above mentioned standards, not yet effective, will have a major impact on the Municipality as it is not applicable to the Municipality.

1.6. GOVERNMENT GRANT RESERVE

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grant Reserve equal to the value of the government grant recorded as revenue in the Statement of Financial Performance. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus.

When an item of property, plant and equipment, financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

The purpose of the Government Grant Reserve is to promote community equity by ensuring and funding the future depreciation expenses that will be incurred over the useful lives of Government Grant funded items of property, plant and equipment.

1.7. LEASES

1.7.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease.

1.7.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.8. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's income it is recognised as interest earned in the Statement of Financial Performance.

1.9. PROVISIONS

Provisions are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying

economic benefits or service potential will be required to settle the obligation, the provision shall be reversed.

1.10. EMPLOYEE BENEFITS

(a) Post Retirement Medical obligations

The municipality provides post-retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with IAS 19 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan (benefit) is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The unrecognised liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Accrued Leave Pay

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the basic remuneration of the employee.

1.11. PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.11.2 Subsequent Measurement – Revaluation Model (Land & Buildings)

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

1.11.3 Subsequent Measurement – Cost Model (All PPE excl. Land & Buildings)

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.11.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	10-30	Buildings	10-30
Pedestrian Malls	10-30	Specialist vehicles	5-15
Electricity	20-30	Other vehicles	5-10
Water	10-20	Office equipment	3-10
Sewerage	10-20	Furniture and fittings	7-10
Housing	10-30	Watercraft	5-15
		Bins and containers	5-10
<u>Community</u>		Specialised plant and	
Buildings	10-30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5-10	Equipment	2-10
Halls	20-30	Landfill sites	5-15
Libraries	20-30	Quarries	5-25
Parks and gardens	15-20	Emergency equipment	5-10
Other assets	5-20	Computer equipment	3-7
<u>Heritage assets</u>			
No depreciation			
<u>Finance lease assets</u>			
Office equipment	3-10		
Other assets	5-10		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.12. INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.12.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.12.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	3
Computer System Software	10

1.12.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13. INVESTMENT PROPERTY

1.13.1 Initial Recognition

Investment property shall be recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of self-constructed investment property is the cost at date of completion.

1.13.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.13.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	30

1.13.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.14. NON-CURRENT ASSETS HELD FOR SALE

1.14.1 Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.14.2 Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.15. IMPAIRMENT OF NON-FINANCIAL ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss

been recognised for the asset in prior years. Such reversal is recognised in the statement of financial performance.

1.16. INVENTORIES

1.16.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.16.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

1.17. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

1.17.1 Initial Recognition

Financial instruments are initially recognised when the municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability

1.17.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of

financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

1.17.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments and is calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance. The balance as at 30 June included accumulated interest.

1.17.2.2 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the statement of financial performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.17.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.17.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks (cash book balance). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.17.3 *De-recognition of Financial Instruments*

1.17.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.17.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.17.4 *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18. REVENUE

1.18.1 *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Revenue from spot fines and summonses is recognised when the cash is received as it is impracticable to reliably determine estimates of the accrued amounts.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.18.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sewerage are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category.

Service charges from sewerage are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue and in accordance with the relevant Standards of GRAP on Financial Instruments.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.18.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.19. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillor and key management personnel that is defined as the Accounting Officer and all managers reporting directly to the Accounting Officer or as designated by the Accounting Officer.

1.20. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. CONTINGENT LIABILITIES

All known contingent liabilities are reflected in the financial statements. A contingent liability is disclosed where an outflow of economic benefits is possible.

1.24. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the application of the municipality's accounting policies, which are described, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that the most significant effect on the amounts recognised in the Annual Financial Statements.

Operating lease commitments – the Municipality as lessor

The Municipality has entered into commercial property leases on its investment property portfolio. The Municipality has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Medical and other post-employment benefits

The cost of defined benefit plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future medical increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Provisions and contingent liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

Revenue Recognition

Accounting Policy 1.18.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.18.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation note 1.18 above). Specifically, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.25. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.26. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Change in accounting policies that are affected by management have been applied retrospectively in according with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effect of changes in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatements is practicable. Refer to note 33 of the Annual Financial statements for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of change in estimates are disclosed in the notes to the financial statements where applicable.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effect of the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatements is practicable. Refer to note 34 of the Annual Financial statements for details of correction of error recorded during the year under review.

1.27. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

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NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
2 GOVERNMENT GRANT RESERVE		
GOVERNMENT GRANT RESERVE	-	-
Government Grant Reserve	-	19 557 863
Incorrect amount transferred corrected from Government Grant Reserve to Accumulated Surplus - Note 34.13	-	-19 838 171
Incorrect amount transferred corrected from Government Grant Reserve to Accumulated Surplus - Note 34.13	-	280 308
Total Government Grant Reserve	-	-
	2010 R	2009 R
3 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	671 897	803 931
Capitalised Lease Liability - At amortised cost	-	-
	671 897	803 931
Less: Current Portion transferred to Current Liabilities	150 124	132 035
Annuity Loans - At amortised cost	150 124	132 035
Capitalised Lease Liability - At amortised cost	-	-
Total Long-term Liabilities - At amortised cost using the effective interest rate method	521 773	671 896
Annuity loans at amortised cost is calculated at 10.05%-16.05% interest rate, with maturity date of 30 June 2015. The schedule of contractual maturity analysis for Annuity Loans:		
	2010 R	2009 R
The obligations under annuity loans are scheduled below:	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	237 140	237 140
Payable within two to five years	666 941	788 797
Payable after five years	-	115 284
	904 081	1 141 221
Less: Future finance obligations	(232 184)	(337 289)
Present value of annuity obligations	671 897	803 932
The obligations under finance leases are scheduled below:		
	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	-	-
Payable within two to five years	-	-
Payable after five years	-	-
	-	-
Less: Future finance obligations	-	-
Present value of lease obligations	-	-
Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.7		
	2010 R	2009 R
4 EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	5 400 841	5 188 455
Long Service Awards - Refer to Note 4.2	900 209	846 336
Long Service Awards - Refer to Note 3.2	-	-
Total Non-current Employee Benefit Liabilities	6 301 050	6 034 791
<u>Post Retirement Benefits</u>		
Balance 1 July	5 343 363	4 932 766
Contribution for the year	(154 908)	(143 424)
Expenditure for the year	728 213	754 372
Actuarial Loss/(Gain)	(338 107)	(200 351)
Total post retirement benefits 30 June	5 578 561	5 343 363
Less: Transfer of Current Portion - Note 7	(177 720)	(154 908)
Balance 30 June	5 400 841	5 188 455

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4	EMPLOYEE BENEFITS (CONTINUE)	2010 R	2009 R
	<u>Long Service Awards</u>		
	Balance 1 July	978 382	911 700
	Contribution for the year	(132 046)	(120 203)
	Expenditure for the year	209 826	221 827
	Actuarial Loss/(Gain)	(16 690)	(34 942)
	Total long service 30 June	1 039 472	978 382
	Less: Transfer of Current Portion - Note 7	(139 263)	(132 046)
	Balance 30 June	900 209	846 336
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	6 321 745	5 844 466
	Contribution for the year	(286 954)	(263 627)
	Expenditure for the year	938 039	976 199
	Actuarial Loss/(Gain)	(354 797)	(235 293)
	Total employee benefits 30 June	6 618 033	6 321 745
	Less: Transfer of Current Portion - Note 7	(316 983)	(286 954)
	Balance 30 June	6 301 050	6 034 791
4.1	Post Retirement Benefits		
	The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	51	51
	Continuation members (e.g. Retirees, widows, orphans)	8	8
	Total Members	59	59
		2010 R	2009 R
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	3 553 350	3 403 537
	Continuation members	2 025 211	1 939 826
	Total Liability	5 578 561	5 343 363
	The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
	Bonitas		
	LA Health		
	Hosmed; and		
	Samwumed		
	Key actuarial assumptions used:	2010 %	2009 %
	i) Rate of interest		
	Discount rate	9.22%	9.22%
	Health Care Cost Inflation Rate	7.27%	7.27%
	Net Effective Discount Rate	1.82%	1.82%
	ii) Mortality rates		
	The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.		
	iii) Normal retirement age		
	It has been assumed that in-service members will retire at age 65 (male) 60 (female), which then implicitly allows for expected rates of early and ill-health retirement.		
		2010 R	2009 R
	The amounts recognised in the Statement of Financial Position are as follows:		
	Present value of fund obligations	5 578 561	5 343 363
	Net liability/(asset)	5 578 561	5 343 363
	The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).		

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4

EMPLOYEE BENEFITS (CONTINUE)

Reconciliation of present value of fund obligation:

	2010 R	2009 R
Present value of fund obligation at the beginning of the year	5 343 363	4 932 766
Total expenses	573 305	610 948
Current service cost	247 920	230 365
Interest Cost	480 293	524 007
Benefits Paid	(154 908)	(143 424)
Actuarial (gains)/losses	(338 107)	(200 351)
Present value of fund obligation at the end of the year	5 578 561	5 343 363
Less: Transfer of Current Portion - Note 7	(316 983)	(154 908)
Balance 30 June	5 261 578	5 188 455

Sensitivity Analysis on the Accrued Liability

		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	
Assumption					
Central Assumptions		3.553	2.025	5.579	
The effect of movements in the assumptions are as follows:					
		In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption	Change				
Health care inflation	1%	4.307	2.223	6.530	17%
Health care inflation	-1%	2.957	1.853	4.810	-14%
Post-retirement mortality	-1 year	3.669	2.103	5.772	3%
Average retirement age	-1 year	3.869	2.025	5.894	6%
Withdrawal Rate	-50%	3.901	2.025	5.926	6%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 146 employees were eligible for Long Service Bonuses.

The Current-service Cost for the year ending 30 June 2010 is R 126,459. The Current-service Cost for the ensuing year has been estimated to be R 145,894.

Key actuarial assumptions used:

i) Rate of interest

	2010 %	2009 %
Discount rate	8.99%	8.99%
General Salary Inflation (long-term)	6.34%	6.34%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.49%	2.49%

The amounts recognised in the Statement of Financial Position are as follows:

	2010 R	2009 R
Present value of fund obligations	1 039 472	978 382
Net liability/(asset)	1 039 472	978 382

Reconciliation of present value of fund obligation:

	2010 R	2009 R
Present value of fund obligation at the beginning of the year	978 382	911 700
Total expenses	77 780	101 624
Current service cost	126 459	128 204
Interest Cost	83 367	93 623
Benefits Paid	(132 046)	(120 203)
Actuarial (gains)/losses	(16 690)	(34 942)
Present value of fund obligation at the end of the year	1 039 472	978 382
Less: Transfer of Current Portion - Note 7	(139 263)	(132 046)
Balance 30 June	900 209	846 336

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4	EMPLOYEE BENEFITS (CONTINUE)		2010	2009
			R	R
	Sensitivity Analysis on the Unfunded Accrued Liability			
	Assumption	Change	Liability (Rm)	% change
	Central assumptions		1.039	
	General salary inflation	1%	1.107	7%
	General salary inflation	-1%	0.978	-6%
	Average retirement age	-2 yrs.	0.925	-11%
	Average retirement age	2 yrs	1.145	10%
	Withdrawal rates	-50%	1.207	16%
5	NON-CURRENT PROVISIONS		2010	2009
			R	R
	Provision for Rehabilitation of Landfill-sites		-	-
	Total Non-current Provisions		-	-
	Landfill Sites			
	Balance 1 July		-	-
	Contribution for the year		-	-
	Expenditure for the year		-	-
	Actuarial Loss/(Gain)		-	-
	Total provision 30 June		-	-
	Less: Transfer of Current Portion to Current Provisions - Note 7		-	-
	Balance 30 June		-	-
	Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.1			
6	CONSUMER DEPOSITS		2010	2009
			R	R
	Water & Electricity		173 135	166 370
	Total Consumer Deposits		173 135	166 370
7	CURRENT EMPLOYEE BENEFITS			
	Current Portion of Post Retirement Benefits - Note 4		177 720	154 908
	Current Portion of Long-Service Provisions - Note 4		139 263	132 046
	Bonuses		544 786	517 439
	Staff Leave		1 423 356	2 115 341
	Total Current Employee Benefits		2 285 125	2 919 734
	The movement in current employee benefits are reconciled as follows:			
	Bonuses			
	Balance at beginning of year		517 439	-
	Bonus provision not previously recognised transferred from Surplus & Statement of Financial Performance - Note 33.02		-	486 014
	Contribution to current portion		27 347	31 425
	Balance at end of year		544 786	517 439
	Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.			
	Staff Leave			
	Balance at beginning of year		2 115 341	1 112 174
	Contribution to current portion		(691 985)	1 226 163
	Expenditure incurred		-	(222 996)
	Balance at end of year		1 423 356	2 115 341
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave.			

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8	TRADE AND OTHER PAYABLES	2010 R	2009 R
	Trade Payables	2 816 224	2 211 645
	Receivables with credit balances	128 869	-
	Payments received in advance	331	331
	Salary Control	-	1 000
	Momentum Salaries	-	1 839
	Insurance Claims	334 706	-
	Correction of Auditors General Outstanding Account as Trade Payable - Note 34.15	-	(129 873)
	Total Trade Payables	3 280 130	2 084 942

Payables are being paid within 30 days as prescribed by the MFMA. Payables are being recognised net of any discounts.

9	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2010 R	2009 R
	Unspent Grants	6 879 872	3 796 928
	National and Provincial Government Grants	6 879 872	3 796 928
	Less: Unpaid Grants	3 795 299	2 383 178
	National and Provincial Government Grants	3 795 299	2 383 178
	Total Conditional Grants and Receipts	3 084 573	1 413 750

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Library Project

Provincial Department - Library maintenance and Expenses

Brickmaking Project

Provincial Department - Job creation

Housing Schmidtsdrift

National Housing Department - Infrastructure of houses

Douglas/Bongani Parks

Provincial Department - Job creation

WSA Capacity Building Programme

Provincial Department - Supply of water.

FMG

National Treasury - Financial Management

Drought Relief

National Treasury - Supply of water

MSIG

National Treasury - Municipal System Improvement

MIG

National Treasury - Municipal Infrastructure Improvement

Schmidtsdrift Electrification

National Housing Department - Infrastructure of houses

Impumelelo Awards HIV/AIDS

National Treasury - HIV/AIDS Projects

Learnership De Aar

District Municipality - Job creation projects

Siyancuma Town Planning

National Housing Department - Infrastructure of houses

LG Seta

National Treasury - Personnel Training

Sports Development

Provincial Department - Sports Development

Excess Road Mathlomola

Provincial Department - Road Maintenance

EPWP

Provincial Department - Road Maintenance

Royalties Mines (Streets)

Local mines - Road Maintenance

Department of Minerals & Energy

Provincial Department - Infrastructure development

10	VAT PAYABLE FROM EXCHANGE-TRANSACTIONS	2010 R	2009 R
	VAT Payable	3 109 289	-
	VAT Receivable	67 227	-
	Correction of Error. Refer note 34.08		2 475 136
		3 042 062	2 475 136

VAT is payable/receivable on the cash basis.

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
11	PROPERTY, PLANT AND EQUIPMENT		
	<u>See attached sheet</u>		

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

12	INVESTMENT PROPERTY	2010	2009
		R	R
	Net Carrying amount at 1 July	-	-
	Cost	-	-
	Accumulated Depreciation	-	-
	Acquisitions	-	-
	Disposals	-	-
	Depreciation for the year	-	-
	Impairment	-	-
	Transfers from Inventory	-	-
	Transfers from Property, Plant and equipment	-	-
	Net Carrying amount at 30 June	-	-
	Cost	-	-
	Accumulated Depreciation	-	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.3

13	INTANGIBLE ASSETS	2010	2009
		R	R
	Computer System & Software		
	Net Carrying amount at 1 July	441 330	490 367
	Cost	490 367	490 367
	Balance previously reported	490 367	-
	Intangible Assets not previously recognised transferred from Accumulated Surplus - Note 33.03	-	490 367
	Accumulated Amortisation	(49 037)	-
	Amortisation	(49 037)	(49 037)
	Amortisation 2008/09 not previously recognised transferred from Statement of Financial Performance - See Note 33.04	-	(49 037)
	Net Carrying amount at 30 June	392 293	441 330
	Cost	490 367	490 367
	Accumulated Amortisation	(98 074)	(49 037)

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.4

14	BIOLOGICAL ASSETS	Quantity	Fair Value	2010	2009
		(Units)	R	R	R
	Springbuck			-	-
	Blesbuck			-	-
	Ostrich			-	-
				-	-
				-	-

Fair value of biological assets is based on selling prices less costs to sell in an open active market.

Reconciliation of fair value:

Opening Fair Value	-	-
Acquisitions	-	-
Disposals	-	-
Transfers	-	-
Fair Value adjustments	-	-
Closing Fair Value	-	-

No title or other restrictions are placed on biological assets.

No biological assets were pledged as security for liabilities.

There are no commitments for the development or acquisition of biological assets.

Disclose financial risk management strategies related to agricultural activity.

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.5

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
		R	R
15	LONG TERM RECEIVABLES		
	Trade and other receivables with arrangements□	14 000	-
	Less: Current portion transferred to current receivables	(4 100)	-
	Trade and other receivables from exchange transactions with arrangements	(4 100)	-
		9 900	-
	Less: Provision for Impairment of Long Term Receivables	-	-
	Total Long Term Receivables	9 900	-

TRADE AND OTHER RECEIVABLES WITH ARRANGEMENTS

When the public has outstanding service accounts that can not be paid in full, they make arrangements with Siyancuma Municipality to pay their accounts at a fixed instalment over a period. Arrangements are repayable up to the year 2020.

		2010	2009
		R	R
16	INVENTORY		
	Consumable Stores - Stationery and materials - At cost	-	-
	Maintenance Materials - At cost	-	-
	Water – at cost	-	-
	Spare Parts - At cost	-	-
	Total Inventory	-	-

Exemptions taken according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities. Refer to Note 50.6

		2010	2009
		R	R
17	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Service Receivables		
	Water	13 901 419	10 726 506
	Electricity	2 700 369	2 300 536
	Housing Rentals	-	-
	Refuse	4 371 582	3 785 422
	Sewerage	6 323 161	4 970 759
	Total Service Receivables	27 296 531	21 783 223
	Less: Allowance for Doubtful Debts	(23 498 048)	(22 051 592)
	Net Service Receivables	3 798 483	(268 369)
	Other Receivables		
	Other Arrears	2 073 520	2 011 052
	Attorneys Balances	789 330	802 463
	Rent Bongani	392 789	397 887
	Sundry Accounts	871 211	800 652
	Other	20 190	6 373
	Momentum Salary	-	3 677
	Total Other Receivables	2 073 520	2 011 052
	Less: Allowance for Doubtful Debts	(856 176)	(803 473)
	Net Other Receivables	1 217 344	1 207 579
	Total Net Receivables from Exchange Transactions	5 015 827	939 210

Included in the outstanding balances are consumer debtors to the value of R14 000 (2009: R0), who have made arrangements to repay their outstanding debt over a re-negotiated period.

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
18 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		
Ageing of Receivables from Exchange Transactions		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	887 411	-
31 - 60 Days	153 120	-
61 - 90 Days	101 691	-
+ 90 Days	1 558 147	-
Total	2 700 369	-
<u>(Water): Ageing</u>		
Current (0 - 30 days)	497 496	-
31 - 60 Days	408 470	-
61 - 90 Days	295 706	-
+ 90 Days	12 699 747	-
Total	13 901 419	-
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	312 863	-
31 - 60 Days	74 782	-
61 - 90 Days	59 988	-
+ 90 Days	3 923 949	-
Total	4 371 582	-
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	362 684	-
31 - 60 Days	154 791	-
61 - 90 Days	138 331	-
+ 90 Days	5 667 355	-
Total	6 323 161	-
<u>(Other Receivables): Ageing</u>		
Current (0 - 30 days)	10 962	-
31 - 60 Days	9 143	-
61 - 90 Days	8 738	-
+ 90 Days	2 071 426	-
Total	2 100 269	-

No ageing of trade and other receivables from exchange transactions for 2009 available.

	2010 R	2009 R
19 TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
<i>Service Receivables</i>		
Taxes - Rates	3 687 408	2 848 344
Total Service Receivables	3 687 408	2 848 344
Less: Allowance for Doubtful Debts	-1 141 768	-1 071 485
Net Service Receivables	2 545 640	1 776 859
Total Net Receivables from Non-Exchange Transactions	2 545 640	1 776 859
Ageing of Receivables from Non-Exchange Transactions		
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	325 895	-
31 - 60 Days	109 309	-
61 - 90 Days	91 862	-
+ 90 Days	3 160 342	-
Total	3 687 408	-

No ageing of trade and other receivables from non-exchange transactions for 2009 available.

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

20

TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)

			2010 R	2009 R
<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2010				
Total Receivables	32 446 548	-	610 911	33 057 459
Less: Provision for doubtful debts	-25 495 992	-	-	-25 495 992
Total Recoverable debtors by customer classification	6 950 556	-	610 911	7 561 467

<u>Summary of Receivables by Customer Classification</u>	Residential, Industrial & Commercial R's	Other Debtors R's	National and Provincial Government R's	Total R's
2009				
Total Receivables	26 642 619	-	-	26 642 619
Less: Provision for doubtful debts	-23 926 550	-	-	-23 926 550
Total Recoverable debtors by customer classification	2 716 069	-	-	2 716 069

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
--	---------------------------------	-------------------------------------	--------------

The ageing of amounts past due but not impaired is as follows:

2010			
1 month past due	319 601	84 505	404 106
2 + months past due	3 391 002	2 189 683	5 580 685
Total	3 710 603	2 274 188	5 984 791

Credit quality of financial assets that are neither past due nor impaired:

1 month past due	39.93%	77.31%
2 + months past due	12.78%	67.48%

Trade and other receivables impaired

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2010			
Total	-24 354 224	-1 141 768	-25 495 992
2009			
Total	-22 855 065	-1 071 485	-23 926 550

Debts (Rates) are required to be settled after 30 days, interest is charged after this date at prime +1%.
The fair value of trade and other receivables approximates their carrying amounts.

Reconciliation of the Total doubtful debt provision

	2010 R	2009 R
Balance at beginning of the year	23 926 550	18 581 395
Contributions to provision	1 571 527	4 034 938
Correction on Debt Impairment and Provision for Impairment as Trail Balance amount was not disclosed in Financial statements - Refer to note 34.15	-	1 311 846
Doubtful debts written off against provision	-2 086	-1 629
Balance at end of year	25 495 991	23 926 550

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
21	OPERATING LEASE ARRANGEMENTS		
21.1	The Municipality as Lessor		
	Balance on 1 July	22 740	-
	Operating Lease Asset previously not recognised - Note 33.05 and Note 33.06	-	14 958
	Restated Balance on 1 July	22 740	14 958
	Operating Lease Asset previously not recognised - Note 33.07 and Note 33.06	-	7 782
	Movement during the year	5 703	-
	Balance on 30 June	28 443	22 740
	Siyancuma Municipality is leasing commonage land to MTN for periods of 119 months with escalations of 10% per year.		
		2010 R	2009 R
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	-	-
	1 to 5 Years	-	-
	More than 5 Years	-	-
	Total Operating Lease Arrangements	-	-
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land being leased out for a period until November 2016		
22	CASH AND CASH EQUIVALENTS	2010 R	2009 R
	Assets		
	Call Investments Deposits	116 275	55 615
	Primary Bank Account	6 496 416	-
	Cash Floats	700	700
	Total Cash and Cash Equivalents - Assets	6 613 391	56 315
	Liabilities		
	Primary Bank Account	-	2 557 818
	Total Cash and Cash Equivalents - Liabilities	-	2 557 818
	The municipality has the following bank accounts:		
	Current Accounts		
	Douglas - Std Bank Account number: 041667336000 (Primary Bank Account):	301 183	-2 560 868
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)	6 203 497	3 049
		6 504 680	-2 557 819
	Douglas - Std Bank Account number: 041667336000 (Primary Bank Account):		
	Cash book balance at beginning of year	-2 560 868	-2 055 526
	Cash book balance at end of year	301 183	-2 560 868
	Bank statement balance at beginning of year	207 129	-538 456
	Bank statement balance at end of year	441 475	207 129
	Douglas - FNB Account Number: 52090016612 (Second Primary Bank Account)		
	Cash book balance at beginning of year	3 049	4 109 140
	Cash book balance at end of year	6 203 497	3 049
	Bank statement balance at beginning of year	-4 888	4 178 628
	Bank statement balance at end of year	6 203 497	-4 888
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Fixed Deposit	13 821	13 615
	Schmidsdrift Brickmaking	1 635	2 130
	Investment Standard Bank	2 152	1 312
	Investment FNB	2 229	2 060
	Standard Working Capital	65 910	9 119
	FNB Fixed Deposit	30 528	27 379
		116 275	55 615

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
23 PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	4 847 313	4 118 567
Residential, Commercial Property, State	4 847 313	4 118 567
Less: Rebates	-	-
Total Assessment Rates	4 847 313	4 118 567
<u>Valuations - 1 JULY 2009</u>		
Rateable Land and Buildings	151 780 403	151 779 203
Residential	79 471 768	79 418 318
Business	30 558 785	30 550 145
Governments	21 524 060	21 524 060
The Erven	7 029 760	7 029 760
Exempt Municipal and other	13 196 030	13 256 920
Less: Income Forgone	-	-
Total Assessment Rates	151 780 403	151 779 203

23 PROPERTY RATES (CONTINUE)

Valuations on 1 JULY 2009: IN ANY FORMAT YOU CAN GIVE

	Building Clause Valuation	Site Valuation	Building Valuation	Total Valuation
Residential	-	9 344 468	70 127 300	79 471 768
Business	-	2 867 535	27 691 250	30 558 785
Governments	-	712 890	20 811 170	21 524 060
The Erven	-	1 661 250	5 368 510	7 029 760
Exempt Municipal and other	-	1 926 130	11 269 900	13 196 030
Total Property Valuations	-	16 512 273	135 268 130	151 780 403

Valuations on land and buildings must be performed every four years. The last valuation came into effect on 1 July 1993 and interim 1 July 2001.

Rates are levied monthly and annually and are payable after due dates. Interest is levied at the prime rate plus 1% on outstanding amounts after due dates

	2010 R	2009 R
24 GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional Grants	20 680 210	15 738 431
Equitable Share - Refer to Note 24.1	20 680 210	15 738 431
Conditional Grants	19 200 329	25 865 041
Library Project	13 990	70 488
Housing Schmidtsdrift	1 284 262	12 521 853
Douglas/Bongani Parks	-	1 222 219
WSA Capacity Building Programme	109 372	511 940
FMG	1 367 032	717 938
Drought Relief	10 647	105 047
MSIG	726 321	1 342 782
MIG	8 774 482	4 817 538
Schmidtsdrift Electrification	28 653	252 872
Impumelelo Awards HIV/AIDS	-	5 000
Learnership De Aar	184 430	136 700
Siyancuma Town Planning	687 645	3 537 581
LG Seta	25 261	354 091
Sports Development	-	38 298
Excess Road Mathlomola	-	230 694
EPWP	4 499 192	-
Royalties Mines (Streets)	103 828	-
Department of Minerals & Energy	1 385 214	-
Total Government Grants and Subsidies	39 880 539	41 603 472
Government Grants and Subsidies - Capital	16 887 201	23 203 556
Government Grants and Subsidies - Operating	22 993 338	18 399 916
	39 880 539	41 603 472

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2010	2009
		R	R
24.1	Equitable share		
	In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive 6kl free water and 50kwh free electricity per month, which is funded from this grant.		
	(See Appendix "F" for a reconciliation of all grants).		
		2010	2009
		R	R
25	SERVICE CHARGES		
	Electricity	19 239 438	15 061 536
	Service Charges	19 239 438	15 061 536
	Water	6 400 538	6 087 956
	Service Charges	6 400 538	6 087 956
	Refuse removal	3 225 988	2 710 767
	Service Charges	3 225 988	2 710 767
	Sewerage and Sanitation Charges	3 866 371	3 307 924
	Service Charges	3 866 371	3 307 924
	Other Service Charges	-	-
	Total Service Charges	32 732 335	27 168 183
		2010	2009
		R	R
26	OTHER REVENUE		
	Other income represents sundry income such as administration income and Sale of land.	247 859	621 703
	Total Other Income	247 859	621 703
		2010	2009
		R	R
27	EMPLOYEE RELATED COSTS		
	Employee Related Costs - Salaries and Wages	12 051 948	11 249 442
	Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	3 353 302	3 011 833
	Travelling Allowances	2 134 223	2 712 026
	Standby Allowance	353 163	315 112
	Housing Benefits and Allowances	357 166	390 003
	Overtime	944 078	819 933
	Workmens Compensation	1 128	2 302
	Bonuses	914 387	744 389
	Leave reserve	130 207	-
	Provision for staff leave	(691 985)	-
	Contribution to provision - Long Service Awards - Note 4	126 459	128 204
	Contribution to provision - Post Retirement Medical - Note 4	480 293	230 365
		20 154 369	19 603 609
	Less: Employee Costs allocated elsewhere	-	-
	Total Employee Related Costs	20 154 369	19 603 609

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

27	EMPLOYEE RELATED COSTS (CONTINUE)	2010 R	2009 R
	KEY MANAGEMENT PERSONNEL		
	Municipal Manager is appointed on 4 January 2010 with a contract ending three months after the Municipal elections in 2011. The Head of Infrastructure were appointed 1 July 2009 and his contract ends the same date as the Municipal Manger. The CFO post is vacant and is filled with a person in acting capacity. There are no post-employment or termination benefits payable to them at the end of the contract period.		
	REMUNERATION OF KEY MANAGEMENT PERSONNEL		
	<i>Remuneration of the Municipal Manager (M. Mogale till 31 July 2009)</i>		
	Annual Remuneration	24 776	297 306
	Subsistence Allowances	2 000	24 000
	Travelling Allowance	13 898	166 776
	Contributions to UIF, Medical and Pension Funds	7 668	90 513
	Bonus	-	24 776
	Leave	55 892	-
	Backpay	148 994	-
	Housing	1 448	17 379
	Total	254 676	620 750
	<i>Remuneration of the Municipal Manager (IWJ Stadhouer since 4 January 2010)</i>		
	Annual Remuneration	100 000	-
	Subsistence Allowances	8 000	-
	Travelling Allowance	48 876	-
	Contributions to UIF, Medical and Pension Funds	35 124	-
	Bonus	-	-
	Backpay	100 000	-
	Housing	8 000	-
	Total	300 000	-
	<i>Remuneration of the Chief Financial Officer (DF Kruger till 31 July 2009)</i>		
	Annual Remuneration	12 161	145 932
	Subsistence Allowances	2 000	-
	Housing	1 674	20 087
	Travelling Allowance	23 982	287 778
	Bonus	-	12 161
	Leave	15 761	-
	Backpay	131 377	-
	Contributions to UIF, Medical and Pension Funds	6 098	71 712
	Total	193 053	537 670
	<i>Remuneration of the Director Corporate Services</i>		
	Annual Remuneration	-	263 700
	Housing	-	18 000
	Travelling Allowance	-	166 511
	Contributions to UIF, Medical and Pension Funds	-	91 108
	Bonuses	-	21 975
	Total	-	561 294
	<i>Remuneration of the Director Infrastructure Services</i>		
	Annual Remuneration	178 677	178 677
	Housing	79 200	79 200
	Travelling Allowance	100 384	100 348
	Contributions to UIF, Medical and Pension Funds	47 808	55 941
	Bonuses	14 890	12 297
	Total	420 959	426 463
		2010 R	2009 R
28	REMUNERATION OF COUNCILLORS		
	Executive Mayor: Allowances	366 387	352 006
	Pension and Medical	14 678	21 911
	Cell phone Allowance	27 866	28 845
	Travelling	122 128	116 468
	Councillors: Allowances	1 012 885	1 110 981
	Pension and Medical	-	17 723
	Cell phone Allowance	80 240	83 155
	Travelling	337 628	333 179
	Total Councillors' Remuneration	1 961 812	2 064 268
	<i>In-kind Benefits</i>		
	The Mayor is full-time. He is provided with an office and secretarial support at the cost of the Council.		

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
29	DEBT IMPAIRMENT		
	Long term Receivables - Note 15	-	-
	Trade Receivables from exchange transactions - Note 17	1 501 244	4 275 299
	Trade Receivables from non-exchange transactions - Note 17	70 283	1 071 485
	Total Contribution to Impairment Provision	1 571 527	5 346 784
30	FINANCE CHARGES		
	Long-term Liabilities	1 666 419	1 947 041
	Overdraft Facilities	-	-
	Actuarial Interest	331 287	617 630
	Finance leases	-	-
	Total finance charges	1 997 706	2 564 671
31	BULK PURCHASES		
	Electricity	10 389 154	9 181 283
	Water	204 624	373 307
	Total Bulk Purchases	10 593 778	9 554 590
32	GENERAL EXPENSES		
	Act on local government trai	150 533	160 288
	Legal expenses;	179 793	209 435
	Bank charges;	242 232	192 821
	Chemicals;	243 143	237 214
	Printing & stationary;	280 784	218 431
	Profesional and consultan;	438 773	461 011
	Departmental: electricity;st	464 483	313 326
	Delegation fees;	509 882	406 351
	Insurance cost;	555 090	505 755
	Vehicles: fuel;	575 414	477 901
	Telephone expenses;	581 322	444 574
	Departmental: electricity;	757 644	584 229
	Free basic services;	960 865	535 858
	Transfer from funds;	3 797 417	3 832 301
	Audit fees;	1 432 612	1 663 526
	Membership fees: municipal;	119 382	74 836
	Entertainment: public;	95 033	77 592
	Contr. funds revolving;	-	265 500
	Environmental health(samplin	104 152	84 092
	Purchase of refuse bags;	-	84 000
	Meter purchases;	25 679	74 901
	Other expenditure	537 189	509 291
	General Expenses	12 051 422	11 413 233

General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2009 R	2008 R
33	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3		
	The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality accounted for under the Institute of Municipal Finance Officers (IMFO) Accountants arising from the implementation of General Recognised Accounting Practice (GRAP):		
33.01	Non-Current Employee Benefits		
	Employee Benefits recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2008	5 844 466	-
	Implementation of IAS 19		
	Transfer to Accumulated Surplus/(Deficit) - Note 33.05	477 279	5 844 466
	Post Employment Medical Benefit Fund not previously recognised transferred from Accumulated Surplus - Note 33.05	-	4 932 766
	Long-service not previously recognised transferred from Accumulated Surplus - Note 33.05	-	911 700
	Post Employment Medical Benefit Fund not previously recognised transferred from Statement of Financial Performance - Note 33.07	410 597	-
	Long-service not previously recognised transferred from Statement of Financial Performance - Note 33.07	66 682	-
	Total	6 321 745	5 844 466
33.02	Current Employee Benefits		
	Employee Benefits recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2008	-	-
	Implementation of GRAP		
	Post Employment Medical Benefit Fund not previously recognised transferred from Statement of Financial Performance - Note 33.07	154 908	-
	Long-service not previously recognised transferred from Statement of Financial Performance - Note 33.07	132 046	-
	Bonus provision not previously recognised transferred from Surplus & Statement of Financial Performance - Note 33.07	31 425	486 014
	Total	318 379	486 014
33.03	Intangible Assets		
	Intangible Assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2008	490 367	-
	Implementation of GRAP		
	Intangible Assets not previously recognised transferred from Accumulated Surplus - Note 33.05	-	490 367
	Total	490 367	490 367
		2009 R	2008 R
33.04	Accumulated Amortisation		
	Accumulated Amortisation on Intangible Assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2008	-	-
	Implementation of GRAP		
	Amortisation 2008/09 not previously recognised transferred from Statement of Financial Performance - See Note 33.07	49 037	-
	Total	49 037	-
33.05	Accumulated Surplus/(Deficit)		
	Movements on Accumulated Surplus recorded as they are required by GRAP.		
	Implementation of GRAP		
	Non-current Employee Benefits previously not recognised - Note 33.01	-	(5 844 466)
	Current Employee Benefits previously not recognised - Note 33.02	-	(486 014)
	Intangible Assets not previously recognised - Note 33.03	-	490 367
	Operating Lease Asset previously not recognised - Note 33.06	-	14 958
	Total	-	(5 825 155)

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2009 R	2008 R
33	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 (CONTINUE)		
33.06	Operating Lease Assets		
	Operating Lease Assets recorded as they are required by GRAP.		
	Balance previously reported	-	-
	Opening balance GRAP movements 2008	14 958	-
	Implementation of GRAP		
	Operating Lease Asset previously not recognised for opening balance - Note 21.1 and Note 33.05	-	14 958
	Operating Lease Asset previously not recognised for 2008-09 - Note 21.1 and Note 33.07	7 782	-
	Total	22 740	14 958
		2009 R	2008 R
33.07	Changes to Statement of Financial Performance		
	Movements on Operating account recorded as they are required by GRAP.		
	Balance previously reported	(805 041)	-
	Implementation of GRAP and IAS 39 - Financial Instruments		
	Current Employee Benefits previously not recognised - Note 33.02	(318 379)	-
	Non-Current Employee Benefits previously not recognised - Note 33.01	(477 279)	-
	Amortisation 2008/09 not previously recognised transferred from Statement of Financial Performance - See Note 33.04	(49 037)	-
	Adjusting the operating lease asset for the previous year - Note 33.06 and Note 21.1	7 782	-
	Total	(1 641 954)	-
		2009 R	2008 R
34	CORRECTION OF ERROR IN TERMS OF GRAP 3		
34.01	Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities"		
	In terms of Directive 4: "Transitional Provisions for Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has transitional provisions for the following GRAP Standards:		
	GRAP 12 – Inventories		
	GRAP 16 – Investment Property		
	GRAP 17 – Property, Plant and Equipment		
	GRAP 19 – Provisions, Contingent Liabilities and Contingent Assets		
	GRAP 100 – Non-current Assets Held for Sale and Discontinued Operations		
	GRAP 102 – Intangible Assets		
	These provisions were not adopted in the prior year and are now adopted for periods ending on and after 30 June 2009.		
34.02	Statutory Funds		
	Balance previously reported:	-	10 961 415
	Revolving fund	-	10 961 415
	Implementation of GRAP		
	Transfer to Accumulated Surplus/(Deficit) - Note 34.14	-	-10 961 415
	Total	-	-
34.03	Loans Redeemed and Other Capital Receipts		
	Balance previously reported:	-	101 535 911
	Implementation of GRAP		
	Transfer to Accumulated Depreciation - Note 34.11		-101 535 911
	Total	-	-

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

34	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)	2009 R	2008 R
34.04	Consumer Debtors		
	Balance previously reported	24 631 567	-
	Correction of Trade receivables from Exchange transactions (Services) included under Other Debtors - Refer Note 34.06	-21 783 223	-
	Correction of Trade receivables from Non-Exchange transactions (Rates) included under Other Debtors - Refer Note 34.07	-2 848 344	-
	Total	-	-
34.05	Other Debtors		
	Balance previously reported	2 518 610	-
	Correction of Taxes included under Other Debtors - Refer Note 34.08	-496 266	-
	Correction of Other Receivables from Exchange transactions included under Other Debtors - Refer Note 34.06	-2 022 344	-
	Total	-	-
34.06	Trade Receivables from Exchange transactions		
	Balance previously reported	-	-
	Correction of Trade receivables from Exchange transactions (Services) included under Other Debtors - Refer Note 34.04	21 783 223	-
	Correction of Other Receivables from Exchange transactions included under Other Debtors - Refer Note 34.07	2 022 344	-
	Total	23 805 567	-
34.07	Trade Receivables from Non-Exchange transactions		
	Balance previously reported	-	-
	Correction of Receivable that must be Income for gone - Refer Note 34.04	2 848 344	-
	Total	2 848 344	-
34.08	Vat payable from exchange-transactions		
	Balance previously reported	-	-
	Correction of Taxes included under Other Debtors - Refer Note 34.05	496 266	-
	Correction of Taxes included under Creditors (Trade and othe Payables) - Refer Note 34.09	-2 955 453	-
	Correction of Auditors General Outstanding Account as Trade Payable - Note 34.09 & 34.15	-15 949	-
	Total	-2 475 136	-
34.09	Creditors (Trade and other Payables)		
	Balance previously reported	-5 170 268	-
	Correction of Taxes included under Other Debtors - Refer Note 34.08	2 955 453	-
	Correction of Auditors General Outstanding Account as Trade Payable - Note 34.08 & 34.15	129 873	-
	Total	-2 084 942	-
34.10	Property, Plant and Equipment - GRAP 17		
	Property, Plant and Equipment recorded as they are required by GRAP.		
	Balance previously reported	122 362 507	102 456 026
	Opening balance GRAP movements 2008	-1 422 885	-
	Implementation of GRAP		
	Property, Plant and Equipment previously not recognised transfer from Accumulated Surplus - Note 34.14	3 297 075	-1 422 885
	Total	124 236 697	101 033 141

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

34	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)	2009 R	2008 R
34.11	Accumulated Depreciation - GRAP 17		
	Accumulated Depreciation recorded as they are required by GRAP.		
	Balance previously reported	101 818 268	101 535 912
	Opening balance GRAP movements 2008	-101 535 912	-
	Correction on the Implementation of GRAP	-282 356	-101 535 912
	Backlog Depreciation: Infrastructure	-224 225	-77 878 668
	Backlog Depreciation: Community	-58 131	-5 570 189
	Backlog Depreciation: Other	-	-18 087 055
	Backlog depreciation: Investment Properties	-	-
	Implementation of GRAP	4 352 674	5 769 466
	Backlog Depreciation: Land and Buildings	264 266	437 910
	Backlog Depreciation: Infrastructure	2 608 439	4 095 972
	Backlog Depreciation: Community	570 139	669 974
	Backlog Depreciation: Housing network	352 270	-
	Backlog Depreciation: Other	557 560	565 610
	Backlog depreciation: Investment Properties	-	-
	Transfer to Accumulated Surplus/(Deficit) & St of Financial Performance - Note 34.14 & 34.15	4 352 674	5 769 466
34.12	Provision for Impairment		
	Balance previously reported	22 614 704	-
	Correction on Debt Impairment and Provision for Impairment as Trail Balance amount was not disclosed in Financial statements - Refer to note 34.15	1 311 846	-
	Total	23 926 550	-
34.13	Government Grant Reserve		
	Balance previously reported	-280 308	19 838 171
	Incorrect amount transferred corrected from Government Grant Reserve to Accumulated Surplus - Note 34.14	280 308	-19 838 171
	Total	-	-
34.14	Accumulated Surplus/(Deficit)		
	Incorrect amount transferred corrected from Accumulated Depreciation to Accumulated Surplus - Note 34.11	-	101 535 912
	Transfer from Statutory Funds - Note 34.02	-	10 961 415
	Incorrect amount transferred corrected from Government Grant Reserve to Accumulated Surplus - Note 34.13	-280 308	19 838 171
	Correction on Depreciation amount from Accumulated Depreciation - Note 34.11	282 356	-
	Correct calculation of Accumulated Depreciation from Accumulated Surplus - Note 34.11	-	-5 769 466
	Property, Plant and Equipment previously not recognised transfer from Accumulated Surplus - Note 34.10	3 297 075	-1 422 885
	Government Grants capital spending income transferred from Accumulated Surplus that cleared Government Grant Reserve - Note 34.15	-23 203 376	-
	Total	-19 904 253	125 143 147
34.15	Changes to Statement of Financial Performance		
	Balance previously reported - Refer note 33.07	-1 641 954	-
	Correction and Restructure of Statement of Financial Performance on Government Grants and Subsidies - Operating	2 661 484	-
	Correction and Restructure of Statement of Financial Performance on Fines	88 230	-
	Correction and Restructure of Statement of Financial Performance on Service Charges	-27 941	-
	Correction and Restructure of Statement of Financial Performance on Rental of Facilities and Equipment	389 216	-
	Correction and Restructure of Statement of Financial Performance on Licences and Permits	571 277	-
	Correction and Restructure of Statement of Financial Performance on Other Income	-1 031 246	-
	Correction and Restructure of Statement of Financial Performance on Employee related costs	279 447	-
	Correction and Restructure of Statement of Financial Performance on Repairs and Maintenance	-95 774	-
	Correction and Restructure of Statement of Financial Performance on Finance Charges	1	-
	Correction and Restructure of Statement of Financial Performance on Bulk Purchases	2 019	-
	Correction and Restructure of Statement of Financial Performance on Other Operating Grant Expenditure	-2 661 484	-
	Correction and Restructure of Statement of Financial Performance on General Expenses	100 431	-
	Correction on Debt Impairment and Provision for Impairment as Trail Balance amount was not disclosed in Financial statements - Refer to note 34.12	-1 311 846	-
	Depreciation calculated and disclosed in Statement of Financial Performance - Note 34.11	-4 352 674	-
	Government Grant capital spending calculated and disclosed in Statement of Financial Performance - Note 34.14	23 203 556	-
	Correction of Auditors General Outstanding Account as Trade Payable - Note 34.08 & 34.09	113 924	-
	Total	16 286 666	-

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
35 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	22 416 257	16 286 667
Adjustments for:		
Depreciation	5 458 488	4 352 674
Amortisation of Intangible Assets	49 037	49 037
Contribution from/to employee benefits - non-current	(286 954)	(263 627)
Contribution from/to employee benefits - non-current - expenditure incurred	938 039	976 199
Contribution from/to employee benefits - non-current - actuarial losses	(354 797)	(235 293)
Contribution to employee benefits – current	(664 638)	1 257 588
Contribution to employee benefits – current - expenditure incurred	-	(222 996)
Contribution to provisions – Debt Impairment	1 571 527	5 346 784
Impairment written off	(2 086)	(1 629)
Interest income	(656 515)	(393 384)
Interest expense	1 997 706	2 564 671
Operating Surplus/(Deficit) before changes in working capital	30 460 361	29 708 910
Changes in working capital	(2 981 903)	(9 051 154)
Increase/(Decrease) in Trade and Other Payables	1 195 188	(1 011 746)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	3 082 944	(6 061 576)
Increase/(Decrease) in Taxes	566 926	(227 902)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	(1 412 121)	(2 203 194)
(Increase)/Decrease in Trade Receivables from exchange transactions	(5 575 776)	892 571
(Increase)/Decrease in Other Receivables from non-exchange transactions	(839 064)	(439 307)
Cash generated/(absorbed) by operations	27 478 458	20 657 756
36 CASH AND CASH EQUIVALENTS	2010 R	2009 R
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 22	116 275	55 615
Cash Floats - Note 22	700	700
Bank - Note 22	6 496 416	-
Bank overdraft - Note 22	-	(2 557 818)
Total cash and cash equivalents	6 613 391	(2 501 503)
37 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 36	6 613 391	(2 501 503)
Investments - Note	-	-
Less:	6 613 391	(2 501 503)
Unspent Committed Conditional Grants - Note 9	6 879 872	3 796 928
Resources available for working capital requirements	(266 481)	(6 298 431)
38 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	671 897	803 931
Used to finance property, plant and equipment - at cost	-	-
Cash set aside for the repayment of long-term liabilities	671 897	803 931
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of 10.05%-16.05% and will be repaid by 2015		

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

39 BUDGET COMPARISONS

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
39.1 Operational				
Revenue by source				
Property Rates	4 847 313	4 847 313	-	0%
Government Grants and Subsidies - Capital	16 887 201	-	16 887 201	100%
Government Grants and Subsidies - Operating	22 993 338	20 680 363	2 312 975	11%
Actuarial Gains	354 797	-	354 797	100%
Fines	108 556	90 395	18 161	20%
Service Charges	32 732 335	33 791 429	(1 059 094)	-3%
Rental of Facilities and Equipment	309 454	534 492	(225 038)	-42%
Interest Earned - external investments	355 301	159 988	195 313	122%
Interest Earned - outstanding debtors	301 214	254 035	47 179	19%
Licences and Permits	615 019	611 641	3 378	1%
Agency Services	7 480	-	7 480	100%
Other Revenue	247 859	328 680	(80 821)	-25%
	79 759 867	61 298 336	18 461 531	30%
Expenditure by nature				
Employee Related Costs	(20 154 369)	(22 590 776)	2 436 407	-11%
Remuneration of Councillors	(1 961 812)	(2 829 856)	868 044	-31%
Debt Impairment	(1 571 527)	(7 590 000)	6 018 473	-79%
Depreciation and Amortisation	(5 507 525)	-	(5 507 525)	100%
Repairs and Maintenance	(1 192 343)	(2 227 381)	1 035 038	-46%
Finance Charges	(1 997 706)	(2 096 422)	98 716	-5%
Bulk Purchases	(10 593 778)	(10 859 774)	265 996	-2%
Operating Grant Expenditure	(2 313 128)	-	(2 313 128)	100%
General Expenses	(12 051 422)	(13 104 127)	1 052 705	-8%
	(57 343 610)	(61 298 336)	3 954 726	-6%
Net Surplus for the year	22 416 257	-	22 416 257	100%

Details of material variances

Food damage to resort and less building plans and sundry income.

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
39.2 Expenditure by Vote				
Aid Allowances	-68 049	-70 000	1 951	-3%
Cemetery	-107 973	-133 578	25 605	-19%
Civic Centre	-456 785	-441 834	(14 951)	3%
Cleansing	-2 051 561	-2 728 144	676 583	-25%
Council General	-16 989 064	-23 720 400	6 731 336	-28%
Douglas Holiday Resort	-1 396 713	-1 422 209	25 496	-2%
Electricity	-13 237 920	-13 344 762	106 842	-1%
Finance	-5 846 478	-4 441 675	(1 404 803)	32%
Fire Brigade	-4 452	-107 610	103 158	-96%
Health Services	-179 260	-206 921	27 661	-13%
Library's	-809 089	-776 426	(32 663)	4%
Commonage	-233 463	-40 502	(192 961)	476%
Municipal Manager	-1 681 523	-1 852 369	170 846	-9%
Parks & Recreation	-997 915	-961 735	(36 180)	4%
Properties	-853 044	-409 082	(443 962)	109%
Public Works: Roads	-5 320 331	-4 406 589	(913 742)	21%
Sanitation	-786 863	-1 094 328	307 465	-28%
Sewerage & Sanitation	-3 758 391	-2 556 640	(1 201 751)	47%
Storm water Drainage	-112 866	-126 350	13 484	-11%
Vehicle Licenses	-256 877	-271 166	14 289	-5%
Water	-2 194 993	-2 186 016	(8 977)	0%
	-57 343 610	-61 298 336	3 954 726	-6%

Details of material variances

Depreciation & Internal Charges

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R (Actual)	2010 R (Budget)	2010 R (Variance)	2010 (%)
39 BUDGET COMPARISONS (CONTINUE)				
39.3 Capital expenditure by vote				
Electricity	-1 413 867	-	(1 413 867)	100%
Finance	-11 053	-	(11 053)	100%
Library's	-3 500	-374 000	370 500	-99%
Public works: roads	-6 574 928	-966 637	(5 608 291)	580%
Sewerage and sanitation	-8 774 482	-	(8 774 482)	100%
Water	-109 372	-6 672 664	6 563 292	-98%
	-16 887 202	-8 013 301	(8 873 901)	111%

Details of material variances

Roll-overs not Budgeted for.

	2010 R	2009 R
40 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
40.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure:		
Opening balance	-	-
Unauthorised expenditure current year - capital	15 807 693	-
Unauthorised expenditure current year - operating	4 249 990	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	20 057 683	-

Incident	Disciplinary steps/criminal proceedings
None	None

40.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure:

Opening balance	110 880	55 440
Fruitless and wasteful expenditure current year	65 209	55 440
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	176 089	110 880

Incident	Disciplinary steps/criminal proceedings
2009 & 2010 - Lease of clock machine	None

40.3 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	762 843	-
Irregular expenditure current year	-	762 843
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	762 843	762 843

Incident	Disciplinary steps/criminal proceedings
2009 - Uluntu Project - The Valuation Roll not properly compiled and cannot be implemented - R399 742	None
2009 - Campbell Toilet Group - No tender and no contract and terms of reference - R204 800	None
2009 - Herman Van Heerden Attorneys - No tender and no contract and terms of reference - R71 394	None
2009 - MicroMega - No tender and no contract and terms of reference - R86 907	None

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
40	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
40.4	<u>Material Losses</u>		
	Electricity distribution losses		
	Units purchased (Kwh)	27 680 359	-
	- Units lost during distribution (Kwh)	5 987 472	-
	- Percentage lost during distribution	21.63%	0.00%
	Water distribution losses		
	- Mega litres purified	1 472 609	-
	- Mega litres lost during distribution	(371 544)	-
	- Percentage lost during distribution	-25.23%	0.00%
	No comparative amounts for 2009 available.		
41	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2010 R	2009 R
41.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	123 607	183 655
	Council subscriptions	101 243	100 000
	Amount paid - current year	(123 607)	-
	Amount paid - previous years	(101 243)	(160 048)
	Balance unpaid (included in creditors)	-	123 607
41.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	1 602 045	876 958
	Current year audit fee	1 296 907	977 969
	Amount paid - current year	-	-
	Amount paid - previous year	(900 000)	(563 547)
	Balance unpaid (included in creditors)	1 998 952	1 291 380
41.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	VAT	(3 042 062)	(2 475 136)
	VAT is payable/receivable on the cash basis.		
41.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>	2010 R	2009 R
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	2 137 710	1 729 591
	Amount paid - current year	-2 137 710	-1 729 591
	Balance unpaid (included in creditors)	-	-
41.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	4 420 952	3 966 041
	Amount paid - current year	-4 420 952	-3 966 041
	Amount paid - previous year	-	-
	Balance unpaid (included in creditors)	-	-
41.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	The following Councillors had arrear accounts for more than 90 days as at 30 JUNE 2010:		
		2010 R Outstanding more than 90 days	2009 R Outstanding more than 90 days
	K. Mgade	4 676	6 586
	Total Councillor Arrear Consumer Accounts	4 676	6 586

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
42 CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure:		
Approved and contracted for:	39 712 381	-
Infrastructure	39 712 381	-
Total	39 712 381	-
This expenditure will be financed from:		
Government Grants	39 712 381	-
	39 712 381	-

No comparative amounts for 2009 available.

43 FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

	2010 R	2009 R
0.5% (2009 - 0.5%) Increase in interest rates	29 704	16 531
0.5% (2009 - 0.5%) Decrease in interest rates	(29 704)	(16 531)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy

All rates and services are payable within 30 days from invoice date. Refer to note 17 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 17 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

			2010 R	2009 R
43	FINANCIAL RISK MANAGEMENT (CONTINUE)			
	The provision for bad debts could be allocated between the different classes of debtors as follows:			
		2010 %	2010 R	2009 %
				2009 R
	Electricity	1.98%	503 776	1.98%
	Water	49.32%	12 573 445	49.32%
	Housing Rentals	0.00%	-	0.00%
	Refuse	16.78%	4 279 106	16.78%
	Sewerage	24.09%	6 141 721	24.09%
	Other Consumer Arrears	3.36%	856 176	3.36%
	Rates	4.48%	1 141 768	4.48%
		100.00%	25 495 992	100.00%
				23 926 552

			2010 R	2009 R
43	FINANCIAL RISK MANAGEMENT (CONTINUE)			
	The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.			
	The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.			
	Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.			
	Financial assets exposed to credit risk at year end are as follows:			
	Long term receivables		9 900	-
	Trade receivables and other receivables		7 561 467	2 716 069
	Cash and Cash Equivalents		6 613 391	56 315
	Unpaid conditional grants and subsidies		3 795 299	2 383 178
			17 980 057	5 155 562

(e) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an on-going review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2010				
Long Term liabilities	237 140	666 941	-	-
Capital repayments	150 124	521 772	-	-
Interest	87 016	145 169	-	-
Trade and Other Payables	3 150 930	-	-	-
Unspent conditional government grants and receipts	3 084 573	-	-	-
	6 472 643	666 941	-	-
2009				
Long Term liabilities	237 140	788 797	115 284	-
Capital repayments	132 035	567 527	104 370	-
Interest	105 105	221 270	10 914	-
Trade and Other Payables	2 211 645	-	-	-
Unspent conditional government grants and receipts	1 413 750	-	-	-
	3 862 535	788 797	115 284	-

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010 R	2009 R
44	FINANCIAL INSTRUMENTS		
	In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:		
	The fair value of financial instruments approximates the amortised costs as reflected bellow.		
44.1	<u>Financial Assets</u>		
	<u>Classification</u>		
	Long-term Receivables		
	Trade and other receivables with arrangements□ At amortised cost	9 900	-
	Consumer Debtors		
	Trade receivables from exchange transactions At amortised cost	27 296 531	21 783 223
	Other receivables from exchange transactions At amortised cost	2 073 520	2 011 052
	Other receivables from non-exchange transactions At amortised cost	3 687 408	2 848 344
	Other Debtors		
	Government Subsidies and Grants At amortised cost	3 795 299	2 383 178
	Current Portion of Long-term Receivables		
	Trade and other receivables with arrangements□ At amortised cost	4 100	-
	Short-term Investment Deposits		
	Call Deposits At amortised cost	116 275	55 615
	Bank Balances and Cash		
	Bank Balances At amortised cost	6 496 416	-
	Cash Floats and Advances At amortised cost	700	700
		43 480 149	29 082 112
	SUMMARY OF FINANCIAL ASSETS		
	At amortised cost	43 480 149	29 082 112
44.2	<u>Financial Liability</u>		
	<u>Classification</u>		
	Long-term Liabilities		
	Annuity Loans At amortised cost	521 773	671 896
	Trade Payables		
	Trade creditors At amortised cost	2 816 224	2 211 645
	Retentions At amortised cost	-	1 839
	Deposits At amortised cost	334 706	-
	Unspent Conditional Grants and Receipts		
	Other Spheres of Government At amortised cost	6 879 872	3 796 928
	Current Portion of Long-term Liabilities		
	Annuity Loans At amortised cost	150 124	132 035
	Bank Balances and Cash		
	Bank Balances At amortised cost	-	2 557 818
		10 702 699	9 372 161
	SUMMARY OF FINANCIAL LIABILITY		
	At amortised cost	10 702 699	9 372 161

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
		R	R
45	EVENTS AFTER THE REPORTING DATE		
	The municipality has no events after reporting date during the financial year ended 2009/2010.		
46	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
47	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
48	CONTINGENT LIABILITY		
	Siyancuma Municipality is currently in litigation which could result in damages /costs being awarded against Council if claimants are successful in their actions: R250 000 are the estimates. Sub-contractor was not paid by the Contractor and Sub-contractor is claiming from Siyancuma Municipality.		250 000
	During the year 2009/10 a case of alleged theft at the vehicle registration office to the amount of R71 358 was reported to the SAPS. The 3 officials identified were suspended with full remuneration.	71 358	

49 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

49.1 Related Party Transactions

		Rates - Levied 1 Jul 09 - 30 Jun 10	Service Charges - Levied 1 Jul 09 - 30 Jun 10	Other - Levied 1 Jul 09 - 30 Jun 10	Outstanding Balances 30 June 2010
Year ended 30 JUNE 2010					
Councillors		13 567	73 115	-	5 041
C.E.C. Mrolong	100955/103024	4 996	13 824	-	-
C.E.C. Mrolong	100956/103024	551	3 057	-	-
C.E.C. Mrolong	101098/103024	396	3 533	-	-
H.J. Fouche	200226/200041	761	22 925	-	-
E.L. Selego	200434/202193	2 893	13 922	-	-
D.M.E. Nel	100067/103198	3 817	8 765	-	-
K. Mgade	3C0132/300132	-	-	-	5 041
R. Gallant	1B0877/101293	-	2 225	-	-
S. Marekwa	400319/400319	-	590	-	-
F.D. Swarts	200750/201290	153	4 274	-	-
Municipal Manager and Section 57 Employees		4 559	13 155	-	-
C.J.D. Groenewald		4 559	13 155	-	-

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

49.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 15 to the Annual Financial Statements.

49.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 27 to the Annual Financial Statements.

49.4 Other related party transactions

The following purchases were made during the year where Councillors or Management have an interest:

Councillor/Staff Member

-	-
-	-

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

50	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES	2010	2009
		R	R

50.1 GRAP 19 - Provisions, contingent liabilities and contingent Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise provisions, contingent liabilities or contingent assets relating to Refuse tip-sites.

The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

Current Landfill Sites identified:

Douglas (upgrading)
Griekwastad (upgrading)
Campbell (closure & new site)
Schmidsdrift (new site)

50.2 GRAP 100 - Non-current assets and discontinued operations

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised in terms of the transitional provisions relating to those standards.

50.3 GRAP 16 - Investment Properties

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise all the Investment Properties.

The municipality is currently in the process of identifying all Investment Properties and they will be valued in terms of GRAP 16 with the Valuation Roll 2011 values as soon as it's completed and it is expected that this process will be completed for inclusion in the 2011 financial statements.

50.4 GRAP 102 - Intangible Assets

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Intangible Assets in accordance with the standard, including the following:

The municipality is currently in the process of identifying all Intangible Assets and have it valued in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2011 financial statements. It is possible that certain intangible assets are currently being recognised as Property, Plant and Equipment.

50.5 GRAP 101 - Agriculture

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following biological assets and/or agricultural:

The municipality is currently in the process of identifying all Biological Assets and have it valued in terms of GRAP 101 and it is expected that this process will be completed for inclusion in the 2011 financial statements.

	Quantity (Units)	Fair Value R
Springbuck	300	300
Blesbuck	40	450
Ostrich	3	1 000

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

		2010	2009
50	TRANSITIONAL PROVISION TAKEN ACCORDING TO THOSE IN DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES (CONTINUE)	R	R
50.6	GRAP 12 - Inventories		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following inventories:		
	The municipality is currently in the process of identifying all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2011 financial statements.		
	Water Inventory	2010 KI	2009 KI
	<i>Douglas</i>	3 810	2 790
	<i>Griekwastad</i>	1 030	12 800
	<i>Campbell</i>	360	410
	<i>Schmidsdrift</i>	320	380
		<u>5 520</u>	<u>16 380</u>
50.7	GRAP 13 - Leases		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following leases:		
	The municipality is currently in the process of identifying all finance leases which must be measured in terms of GRAP 13 and it is expected that this process will be completed for inclusion in the 2011 financial statements.		
50.8	GRAP 17 - Property, Plant and Equipment		
	The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise the following Property, Plant & Equipment:		
	Refer to Note 11		

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation Additions R	Disposals R	Closing Balance R	Carrying Value R
30 JUNE 2010									
Land and Buildings	9 841 116	-	-	9 841 116	702 176	264 266	-	966 442	8 874 674
Land	947 539	-	-	947 539	-	-	-	-	947 539
Buildings	8 893 577	-	-	8 893 577	702 176	264 266	-	966 442	7 927 135
Infrastructure	72 049 138	15 588 387	-	87 637 525	6 704 412	3 111 908	-	9 816 320	77 821 205
Public Works	8 026 613	5 186 838	-	13 213 451	582 835	354 494	-	937 329	12 276 122
Road Network	5 168 075	103 828	-	5 271 903	362 123	228 876	-	590 999	4 680 904
Sewerage Network	36 949 846	8 774 482	-	45 724 328	3 086 568	1 612 610	-	4 699 178	41 025 150
Electricity Network	10 666 622	1 413 867	-	12 080 489	1 198 979	450 900	-	1 649 879	10 430 610
Refuse Network	102 000	-	-	102 000	8 882	4 435	-	13 317	88 683
Water Network	11 135 982	109 372	-	11 245 354	1 465 025	460 593	-	1 925 618	9 319 736
Community Assets	18 570 840	3 500	-	18 574 340	1 240 112	573 240	-	1 813 352	16 760 988
Parks & Gardens	1 653 970	-	-	1 653 970	139 516	48 858	-	188 374	1 465 596
Libraries	1 246 708	3 500	-	1 250 208	74 423	38 893	-	113 316	1 136 892
Cemetery	48 005	-	-	48 005	12 582	1 143	-	13 725	34 280
Commonage	4 428 000	-	-	4 428 000	268 731	134 182	-	402 913	4 025 087
Community Halls	6 287 069	-	-	6 287 069	434 260	201 877	-	636 137	5 650 932
Game Farm	1 000 000	-	-	1 000 000	60 689	30 303	-	90 992	909 008
Holiday Resort	1 492 960	-	-	1 492 960	90 606	45 241	-	135 847	1 357 113
Recreation Grounds	2 414 128	-	-	2 414 128	159 305	72 743	-	232 048	2 182 080
Housing Rental Stock	20 271 789	1 284 262	-	21 556 051	352 270	948 549	-	1 300 819	20 255 232
Housing Network	20 271 789	1 284 262	-	21 556 051	352 270	948 549	-	1 300 819	20 255 232
Other Assets	3 503 813	11 053	-	3 514 866	1 123 172	560 527	-	1 683 699	1 831 167
Air Conditioner	380 000	-	-	380 000	132 541	66 180	-	198 721	181 279
Chairs	146 800	11 053	-	157 853	36 859	19 213	-	56 072	101 781
Electronic Equipment	160 500	-	-	160 500	45 129	22 533	-	67 662	92 838
Motor vehicles	35 000	-	-	35 000	17 524	8 750	-	26 274	8 726
Furniture & Fittings	462 350	-	-	462 350	91 381	45 627	-	137 008	325 342
Office Equipment	17 250	-	-	17 250	6 392	3 192	-	9 584	7 666
Trailer	205 000	-	-	205 000	69 345	34 625	-	103 970	101 030
Tables and desks	159 900	-	-	159 900	34 561	17 257	-	51 818	108 082
Tractors	142 000	-	-	142 000	55 131	27 528	-	82 659	59 341
Trucks	1 289 523	-	-	1 289 523	467 231	233 296	-	700 527	588 996
Works Equipment	67 300	-	-	67 300	22 192	11 081	-	33 273	34 027
Computer hardware	438 190	-	-	438 190	144 886	71 245	-	216 131	222 059
	124 236 696	16 887 202	-	141 123 898	10 122 142	5 458 490	-	15 580 632	125 543 266

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance R	Cost Additions R	Disposals R	Closing Balance R	Opening Balance R	Accumulated Depreciation Additions R	Disposals R	Closing Balance R	Carrying Value R
30 JUNE 2009									
Land and Buildings	9 841 116	-	-	9 841 116	437 910	264 266	-	702 176	9 138 940
Land	947 539	-	-	947 539	-	-	-	-	947 539
Balance previously reported	791 913	-	-	791 913	-	-	-	-	791 913
Correction of error. Refer note 34.1	155 626	-	-	155 626	-	-	-	-	155 626
Buildings	8 893 577	-	-	8 893 577	437 910	264 266	-	702 176	8 191 401
Correction of error. Refer note 34.1	8 893 577	-	-	8 893 577	-	-	-	-	8 893 577
Correction of error. Refer note 34.11	-	-	-	-	437 910	264 266	-	702 176	-702 176
Infrastructure	61 476 294	10 572 844	-	72 049 138	4 095 972	2 608 440	-	6 704 412	65 344 726
Public Works	4 489 032	3 537 581	-	8 026 613	396 797	186 038	-	582 835	7 443 778
Correction of error. Refer note	4 489 032	3 537 581	-	8 026 613	-	-	-	-	8 026 613
Correction of error. Refer note	-	-	-	-	396 797	186 038	-	582 835	-582 835
Road Network	3 715 162	1 452 913	-	5 168 075	202 434	159 689	-	362 123	4 805 952
Correction of error. Refer note 34.1	3 715 162	1 452 913	-	5 168 075	-	-	-	-	5 168 075
Correction of error. Refer note 34.11	-	-	-	-	202 434	159 689	-	362 123	-362 123
Infrastructure	-	-	-	-	-	-	-	-	-
Balance previously reported	77 878 668	18 173 752	-	96 052 420	77 878 668	224 225	-	78 102 893	17 949 527
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-77 878 668	-224 225	-	-78 102 893	78 102 893
Correction of error. Refer note 34.1	-77 878 668	-18 173 752	-	-96 052 420	-	-	-	-	-96 052 420
Sewerage Network	32 132 308	4 817 538	-	36 949 846	1 703 364	1 383 204	-	3 086 568	33 863 278
Correction of error. Refer note 34.1	32 132 308	4 817 538	-	36 949 846	-	-	-	-	36 949 846
Correction of error. Refer note 34.11	-	-	-	-	1 703 364	1 383 204	-	3 086 568	-3 086 568
Electricity Network	10 413 750	252 872	-	10 666 622	760 120	438 859	-	1 198 979	9 467 643
Correction of error. Refer note 34.1	10 413 750	252 872	-	10 666 622	-	-	-	-	10 666 622
Correction of error. Refer note 34.11	-	-	-	-	760 120	438 859	-	1 198 979	-1 198 979
Refuse Network	102 000	-	-	102 000	4 447	4 435	-	8 882	93 118
Correction of error. Refer note 34.1	102 000	-	-	102 000	-	-	-	-	102 000
Correction of error. Refer note 34.11	-	-	-	-	4 447	4 435	-	8 882	-8 882
Water Network	10 624 042	511 940	-	11 135 982	1 028 810	436 215	-	1 465 025	9 670 957
Correction of error. Refer note 34.1	10 624 042	511 940	-	11 135 982	-	-	-	-	11 135 982
Correction of error. Refer note 34.11	-	-	-	-	1 028 810	436 215	-	1 465 025	-1 465 025

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Community Assets	18 508 033	62 807	-	18 570 840	669 972	570 140	-	1 240 112	17 330 728
Parks & Gardens	1 653 970	-	-	1 653 970	90 658	48 858	-	139 516	1 514 454
Balance previously reported	3 392 878	255 221	-	3 648 099	3 392 878	12 761	-	3 405 639	242 460
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-3 392 878	-12 761	-	-3 405 639	3 405 639
Correction of error. Refer note 34.1	-1 738 908	-255 221	-	-1 994 129	-	-	-	-	-1 994 129
Correction of error. Refer note 34.11	-	-	-	-	90 658	48 858	-	139 516	-139 516
Libraries	1 183 901	62 807	-	1 246 708	38 630	35 793	-	74 423	1 172 285
Balance previously reported	1 305 125	68 310	-	1 373 435	1 305 125	2 049	-	1 307 174	66 261
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-1 305 125	-2 049	-	-1 307 174	1 307 174
Correction of error. Refer note 34.1	-121 224	-5 503	-	-126 727	-	-	-	-	-126 727
Correction of error. Refer note 34.11	-	-	-	-	38 630	35 793	-	74 423	-74 423
Health	-	-	-	-	-	-	-	-	-
Balance previously reported	165 000	-	-	165 000	165 000	-	-	165 000	-
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-165 000	-	-	-165 000	165 000
Correction of error. Refer note 34.1	-165 000	-	-	-165 000	-	-	-	-	-165 000
Cemetery	48 005	-	-	48 005	11 439	1 143	-	12 582	35 423
Correction of error. Refer note 34.1	48 005	-	-	48 005	-	-	-	-	48 005
Correction of error. Refer note 34.11	-	-	-	-	11 439	1 143	-	12 582	-12 582
Commonage	4 428 000	-	-	4 428 000	134 549	134 182	-	268 731	4 159 269
Correction of error. Refer note 34.1	4 428 000	-	-	4 428 000	-	-	-	-	4 428 000
Correction of error. Refer note 34.11	-	-	-	-	134 549	134 182	-	268 731	-268 731
Community Halls	6 287 069	-	-	6 287 069	232 383	201 877	-	434 260	5 852 809
Correction of error. Refer note 34.1	6 287 069	-	-	6 287 069	-	-	-	-	6 287 069
Correction of error. Refer note 34.11	-	-	-	-	232 383	201 877	-	434 260	-434 260
Game Farm	1 000 000	-	-	1 000 000	30 386	30 303	-	60 689	939 311
Correction of error. Refer note 34.1	1 000 000	-	-	1 000 000	-	-	-	-	1 000 000
Correction of error. Refer note 34.11	-	-	-	-	30 386	30 303	-	60 689	-60 689
Holiday Resort	1 492 960	-	-	1 492 960	45 365	45 241	-	90 606	1 402 354
Correction of error. Refer note 34.1	1 492 960	-	-	1 492 960	-	-	-	-	1 492 960
Correction of error. Refer note 34.11	-	-	-	-	45 365	45 241	-	90 606	-90 606
Halls and Cemetery	-	-	-	-	-	-	-	-	-
Balance previously reported	700 506	52 298	-	752 804	700 505	2 614	-	703 119	49 685
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-700 505	-2 614	-	-703 119	703 119
Correction of error. Refer note 34.1	-700 506	-52 298	-	-752 804	-	-	-	-	-752 804
Recreation Grounds	2 414 128	-	-	2 414 128	86 562	72 743	-	159 305	2 254 823
Balance previously reported	6 681	-	-	6 681	6 681	-	-	6 681	-
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-6 681	-	-	-6 681	6 681
Correction of error. Refer note 34.1	2 407 447	-	-	2 407 447	-	-	-	-	2 407 447
Correction of error. Refer note 34.11	-	-	-	-	86 562	72 743	-	159 305	-159 305

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R
Civic Buildings	-	-	-	-	-	-	-	-	-
Balance previously reported	8 463 609	1 356 900	-	9 820 509	8 463 609	40 707	-	8 504 316	1 316 193
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-8 463 609	-40 707	-	-8 504 316	8 504 316
Correction of error. Refer note 34.1	-8 463 609	-1 356 900	-	-9 820 509	-	-	-	-	-9 820 509
Housing Rental Stock	7 749 936	12 521 853	-	20 271 789	-	352 270	-	352 270	19 919 519
Housing Network	7 749 936	12 521 853	-	20 271 789	-	352 270	-	352 270	19 919 519
Correction of error. Refer note 34.1	7 749 936	12 521 853	-	20 271 789	-	-	-	-	20 271 789
Correction of error. Refer note 34.11	-	-	-	-	-	352 270	-	352 270	-352 270
Other Assets	3 457 761	46 052	-	3 503 813	565 610	557 562	-	1 123 172	2 380 641
Air Conditioner	380 000	-	-	380 000	66 361	66 180	-	132 541	247 459
Correction of error. Refer note	380 000	-	-	380 000	-	-	-	-	380 000
Correction of error. Refer note	-	-	-	-	66 361	66 180	-	132 541	-132 541
Chairs	146 800	-	-	146 800	18 455	18 404	-	36 859	109 941
Correction of error. Refer note	146 800	-	-	146 800	-	-	-	-	146 800
Correction of error. Refer note	-	-	-	-	18 455	18 404	-	36 859	-36 859
Electronic Equipment	160 500	-	-	160 500	22 595	22 534	-	45 129	115 371
Correction of error. Refer note	160 500	-	-	160 500	-	-	-	-	160 500
Correction of error. Refer note	-	-	-	-	22 595	22 534	-	45 129	-45 129
Motor vehicles	35 000	-	-	35 000	8 774	8 750	-	17 524	17 476
Correction of error. Refer note	35 000	-	-	35 000	-	-	-	-	35 000
Correction of error. Refer note	-	-	-	-	8 774	8 750	-	17 524	-17 524
Furniture & Fittings	462 350	-	-	462 350	45 753	45 628	-	91 381	370 969
Balance previously reported	-	-	-	-	-	-	-	-	-
Correction of error. Refer note	462 350	-	-	462 350	-	-	-	-	462 350
Correction of error. Refer note	-	-	-	-	45 753	45 628	-	91 381	-91 381
Office Equipment	17 250	-	-	17 250	3 200	3 192	-	6 392	10 858
Balance previously reported	2 277 906	-	-	2 277 906	2 277 906	-	-	2 277 906	-
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-2 277 906	-	-	-2 277 906	2 277 906
Correction of error. Refer note 34.1	-2 260 656	-	-	-2 260 656	-	-	-	-	-2 260 656
Correction of error. Refer note 34.11	-	-	-	-	3 200	3 192	-	6 392	-6 392
Holiday Resort	-	-	-	-	-	-	-	-	-
Balance previously reported	7 473 740	-	-	7 473 740	7 345 539	-	-	7 345 539	128 201
Correction of error. Refer note 34.1 & 34.11	-	-	-	-	-7 345 539	-	-	-7 345 539	7 345 539
Correction of error. Refer note 34.1	-7 473 740	-	-	-7 473 740	-	-	-	-	-7 473 740
Tables and desks	159 900	-	-	159 900	17 304	17 257	-	34 561	125 339
Correction of error. Refer note	159 900	-	-	159 900	-	-	-	-	159 900
Correction of error. Refer note	-	-	-	-	17 304	17 257	-	34 561	-34 561

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

	Opening Balance	Cost			Accumulated Depreciation			Carrying Value
	R	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
	R	R	R	R	R	R	R	R
Tractors	142 000	-	-	142 000	27 603	27 528	-	55 131
Correction of error. Refer note	142 000	-	-	142 000	-	-	-	142 000
Correction of error. Refer note	-	-	-	-	27 603	27 528	-	55 131
Trucks	1 289 523	-	-	1 289 523	233 935	233 296	-	467 231
Correction of error. Refer note	1 289 523	-	-	1 289 523	-	-	-	1 289 523
Correction of error. Refer note	-	-	-	-	233 935	233 296	-	467 231
Works Equipment	67 300	-	-	67 300	11 111	11 081	-	22 192
Correction of error. Refer note	67 300	-	-	67 300	-	-	-	67 300
Correction of error. Refer note	-	-	-	-	11 111	11 081	-	22 192
Trailer	205 000	-	-	205 000	34 720	34 625	-	69 345
Correction of error. Refer note 34.1	205 000	-	-	205 000	-	-	-	205 000
Correction of error. Refer note 34.11	-	-	-	-	34 720	34 625	-	69 345
Computer hardware	392 138	46 052	-	438 190	75 799	69 087	-	144 886
Correction of error. Refer note 34.1	392 138	46 052	-	438 190	-	-	-	438 190
Correction of error. Refer note 34.11	-	-	-	-	75 799	69 087	-	144 886
	101 033 140	23 203 556	-	124 236 696	5 769 464	4 352 678	-	10 122 142
								114 114 554

SIYANCUMA MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

			Cost				Accumulated Depreciation			
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Carrying Value	
	R	R	R	R	R	R	R	R	R	

GRAP 17 - Property, Plant and Equipment

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in February 2008. The municipality did not recognise or measure all the Property, Plant and Equipment in accordance with the standard, including the following:

The municipality is currently in a process of identifying all Property, Plant and Equipment and have it valued in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2011 financial statements. The Municipality is in the process of itemizing all infrastructure, community and other assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2011. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure, community and other assets, using global historical costs recorded in the accounting records.

**APPENDIX A - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2009	Change in Accounting Policy	Balance at 30 JUNE 2009 Restated	Received during the period	Redeemed written off during the period	Balance at 30 JUNE 2010
ANNUITY LOANS									
DBSA - Loan 101 Lalf 15104 - 11	10.05%	11623	2012/12/31	130 756	-	130 756	-	(32 911)	97 845
DBSA - Loan 101 Lalf 15104 - 12	10.05%	11624	2011/12/31	22 027	-	22 027	-	(8 170)	13 857
DBSA - Loan 101 Lalf 15104 - 14	13.75%	11626	2015/06/30	460 625	-	460 625	-	(53 701)	406 924
DBSA - Loan 101 Lalf 15104 - 15	16.05%	11627	2013/06/30	190 523	-	190 523	-	(37 252)	153 271
Total Annuity Loans				803 931	-	803 931	-	(132 034)	671 897
LEASE LIABILITY									
				-	-	-	-	-	-
Total Lease Liabilities				-	-	-	-	-	-
TOTAL EXTERNAL LOANS				803 931	-	803 931	-	(132 034)	671 897

APPENDIX B - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Land and Buildings									
Land	947 539.00	-	-	947 539.00	-	-	-	-	947 539.00
Buildings	8 893 577.00	-	-	8 893 577.00	702 176.00	264 266.00	-	966 442.00	7 927 135.00
	9 841 116.00	-	-	9 841 116.00	702 176.00	264 266.00	-	966 442.00	8 874 674.00
Infrastructure									
Electricity Network	10 666 622.00	1 413 867.00	-	12 080 489.00	1 198 979.00	450 900.00	-	1 649 879.00	10 430 610.00
Public Works	8 026 613.00	5 186 838.00	-	13 213 451.00	582 835.00	354 494.00	-	937 329.00	12 276 122.00
Road Network	5 168 075.00	103 828.00	-	5 271 903.00	362 124.00	228 876.00	-	591 000.00	4 680 903.00
Sewerage Network	36 949 846.00	8 774 482.00	-	45 724 328.00	3 086 567.00	1 612 610.00	-	4 699 177.00	41 025 151.00
Water Network	11 135 982.00	109 372.00	-	11 245 354.00	1 465 025.00	460 593.00	-	1 925 618.00	9 319 736.00
Refuse Network	102 000.00	-	-	102 000.00	8 882.00	4 435.00	-	13 317.00	88 683.00
	72 049 138.00	15 588 387.00	-	87 637 525.00	6 704 412.00	3 111 908.00	-	9 816 320.00	77 821 205.00
Community Assets									
Cemetery	48 005.00	-	-	48 005.00	12 582.00	1 143.00	-	13 725.00	34 280.00
Commonage	4 428 000.00	-	-	4 428 000.00	268 731.00	134 182.00	-	402 913.00	4 025 087.00
Community Halls	6 287 069.00	-	-	6 287 069.00	434 260.00	201 877.00	-	636 137.00	5 650 932.00
Game Farm	1 000 000.00	-	-	1 000 000.00	60 689.00	30 303.00	-	90 992.00	909 008.00
Holiday Resort	1 492 960.00	-	-	1 492 960.00	90 606.00	45 241.00	-	135 847.00	1 357 113.00
Libraries	1 246 709.00	3 500.00	-	1 250 209.00	74 423.00	38 893.00	-	113 316.00	1 136 893.00
Parks & Gardens	1 653 970.00	-	-	1 653 970.00	139 516.00	48 858.00	-	188 374.00	1 465 596.00
Recreation Grounds	2 414 128.00	-	-	2 414 128.00	159 305.00	72 743.00	-	232 048.00	2 182 080.00
	18 570 841.00	3 500.00	-	18 574 341.00	1 240 112.00	573 240.00	-	1 813 352.00	16 760 989.00
Heritage Assets									
Historical Buildings	-	-	-	-	-	-	-	-	-
Painting & Art Galleries	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total carried forward	100 461 095.00	15 591 887.00	-	116 052 982.00	8 646 700.00	3 949 414.00	-	12 596 114.00	103 456 868.00

APPENDIX B - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	-	-	-	-	-	-	-	-	-
Total brought forward	100 461 095.00	15 591 887.00	-	116 052 982.00	8 646 700.00	3 949 414.00	-	12 596 114.00	103 456 868.00
Housing Rental Stock									
Housing Network	20 271 789.00	1 284 262.00	-	21 556 051.00	352 270.00	948 549.00	-	1 300 819.00	20 255 232.00
	20 271 789.00	1 284 262.00	-	21 556 051.00	352 270.00	948 549.00	-	1 300 819.00	20 255 232.00
Leased Assets									
Office Equipment (Lease)	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Biological Assets									
Game	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Other Assets									
Air Conditioner	380 000.00	-	-	380 000.00	132 541.00	66 180.00	-	198 721.00	181 279.00
Chairs	146 800.00	11 053.00	-	157 853.00	36 858.00	19 213.00	-	56 071.00	101 782.00
Computer Hardware	438 190.00	-	-	438 190.00	144 885.00	71 245.00	-	216 130.00	222 060.00
Electronic Equipment	160 500.00	-	-	160 500.00	45 129.00	22 533.00	-	67 662.00	92 838.00
Furniture & Fittings	462 350.00	-	-	462 350.00	91 380.00	45 627.00	-	137 007.00	325 343.00
Motor Vehicles	35 000.00	-	-	35 000.00	17 524.00	8 750.00	-	26 274.00	8 726.00
Office Equipment	17 250.00	-	-	17 250.00	6 392.00	3 192.00	-	9 584.00	7 666.00
Tables and desks	159 900.00	-	-	159 900.00	34 561.00	17 257.00	-	51 818.00	108 082.00
Tractors	142 000.00	-	-	142 000.00	55 131.00	27 528.00	-	82 659.00	59 341.00
Trailers	205 000.00	-	-	205 000.00	69 345.00	34 625.00	-	103 970.00	101 030.00
Trucks	1 289 523.00	-	-	1 289 523.00	467 231.00	233 296.00	-	700 527.00	588 996.00
Works Equipment	67 300.00	-	-	67 300.00	22 192.00	11 081.00	-	33 273.00	34 027.00
	3 503 813.00	11 053.00	-	3 514 866.00	1 123 169.00	560 527.00	-	1 683 696.00	1 831 170.00
Total Property, Plant and Equipment	124 236 697.00	16 887 202.00	-	141 123 899.00	10 122 139.00	5 458 490.00	-	15 580 629.00	125 543 270.00
Investment Property									
Land	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Intangible Assets									
Computer System	490 367.00	-	-	490 367.00	49 037.00	49 037.00	-	98 074.00	392 293.00
	490 367.00	-	-	490 367.00	49 037.00	49 037.00	-	98 074.00	392 293.00
Total	124 727 064.00	16 887 202.00	-	141 614 266.00	10 171 176.00	5 507 527.00	-	15 678 703.00	125 935 563.00

APPENDIX C - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

		Cost				Accumulated Depreciation				Carrying Value
		Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Cemetery	Community & Social Services	103 005	-	-	103 005	17 371	3 534	-	20 905	82 100
Civic centre	Community & Social Services	87 410	-	-	87 410	25 215	12 590	-	37 805	49 605
Cleansing	Waste Water Management	173 000	-	-	173 000	31 385	15 671	-	47 056	125 944
Council general	Executive & Council	432 744	-	-	432 744	48 502	24 218	-	72 720	360 024
Douglas holiday resort	Sport & Recreation	7 713 498	-	-	7 713 498	671 330	322 459	-	993 789	6 719 709
Electricity	Electricity	11 862 022	1 413 867	-	13 275 889	1 355 469	529 038	-	1 884 507	11 391 382
Finance	Budget & Treasury	562 352	11 053	-	573 405	154 254	79 439	-	233 693	339 712
Health services	Health	177 500	-	-	177 500	13 902	6 942	-	20 844	156 656
Library's	Community & Social Services	1 463 209	3 500	-	1 466 709	128 861	66 074	-	194 935	1 271 774
Meent	Corporate Services	6 404 400	-	-	6 404 400	425 734	212 576	-	638 310	5 766 090
Municipal manager	Corporate Services	334 350	-	-	334 350	96 383	48 126	-	144 509	189 841
Parks & recreation	Sport & Recreation	3 409 670	-	-	3 409 670	283 495	119 184	-	402 679	3 006 991
Properties	Corporate Services	16 366 520	-	-	16 366 520	1 446 045	503 775	-	1 949 820	14 416 700
Public works: roads	Road Transport	32 840 282	6 574 928	-	39 415 210	1 417 419	1 680 238	-	3 097 657	36 317 553
Sewerage and sanitation	Waste Water Management	35 636 280	8 774 482	-	44 410 762	2 924 428	1 565 109	-	4 489 537	39 921 225
Vehicle licenses	Public Safety	44 900	-	-	44 900	10 068	5 027	-	15 095	29 805
Water	Water	6 625 556	109 372	-	6 734 928	1 072 277	264 488	-	1 336 765	5 398 163
TOTAL		124 236 698	16 887 202	-	141 123 900	10 122 138	5 458 488	-	15 580 626	125 543 274

APPENDIX C - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010
GENERAL FINANCE STATISTICS CLASSIFICATION

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	432 744.00	-	-	432 744.00	48 502.00	24 218.00	-	72 720.00	360 024.00
Budget & Treasury	562 352.00	11 053.00	-	573 405.00	154 254.00	79 439.00	-	233 693.00	339 712.00
Corporate Services	23 192 680.00	-	-	23 192 680.00	1 993 378.00	777 067.00	-	2 770 445.00	20 422 235.00
Planning & Development	-	-	-	-	-	-	-	-	-
Health	177 500.00	-	-	177 500.00	13 902.00	6 942.00	-	20 844.00	156 656.00
Community & Social Services	1 566 214.00	3 500.00	-	1 569 714.00	146 232.00	69 609.00	-	215 841.00	1 353 873.00
Housing	-	-	-	-	-	-	-	-	-
Public Safety	44 900.00	-	-	44 900.00	10 068.00	5 027.00	-	15 095.00	29 805.00
Sport & Recreation	11 123 167.00	-	-	11 123 167.00	954 824.00	441 643.00	-	1 396 467.00	9 726 700.00
Environmental Protection	-	-	-	-	-	-	-	-	-
Waste Management	173 000.00	-	-	173 000.00	31 385.00	15 671.00	-	47 056.00	125 944.00
Waste Water Management	35 636 280.00	8 774 482.00	-	44 410 762.00	2 924 428.00	1 565 109.00	-	4 489 537.00	39 921 225.00
Road Transport	32 840 282.00	6 574 928.00	-	39 415 210.00	1 417 419.00	1 680 238.00	-	3 097 657.00	36 317 553.00
Water	6 625 556.00	109 372.00	-	6 734 928.00	1 072 277.00	264 488.00	-	1 336 765.00	5 398 163.00
Electricity	11 862 022.00	1 413 867.00	-	13 275 889.00	1 355 469.00	529 038.00	-	1 884 507.00	11 391 382.00
	124 236 697.00	16 887 202.00	-	141 123 899.00	10 122 138.00	5 458 489.00	-	15 580 627.00	125 543 272.00

APPENDIX D - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
-	(22 321)	(22 321)	Aid Allowances	-	(68 049)	(68 049)
19 126	(96 849)	(77 723)	Cemetery	28 964	(107 973)	(79 009)
-	(389 415)	(389 415)	Civic Centre	-	(456 785)	(456 785)
2 710 767	(2 086 724)	624 043	Cleansing	3 225 988	(2 051 561)	1 174 427
46 453 643	(21 450 001)	25 003 642	Council General	45 508 440	(16 989 064)	28 519 376
270 184	(1 359 944)	(1 089 760)	Douglas Holiday Resort	198 580	(1 396 713)	(1 198 133)
15 089 475	(11 856 007)	3 233 468	Electricity	19 321 396	(13 237 920)	6 083 476
444 889	(5 936 124)	(5 491 235)	Finance	333 892	(5 846 478)	(5 512 586)
-	(5 000)	(5 000)	Fire Brigade	-	(4 452)	(4 452)
-	(109 139)	(109 139)	Health Services	-	(179 260)	(179 260)
2 896	(703 653)	(700 757)	Library's	4 285	(809 089)	(804 804)
694	-	694	Licenses	658	-	658
93 927	(212 576)	(118 649)	Commonage	68 043	(233 463)	(165 420)
-	(1 662 355)	(1 662 355)	Municipal Manager	-	(1 681 523)	(1 681 523)
-	(965 363)	(965 363)	Parks & Recreation	-	(997 915)	(997 915)
60 230	(889 649)	(829 419)	Properties	75 746	(853 044)	(777 298)
-	(4 342 024)	(4 342 024)	Public Works: Roads	-	(5 320 331)	(5 320 331)
-	(839 313)	(839 313)	Sanitation	-	(786 863)	(786 863)
3 307 924	(3 262 027)	45 897	Sewerage & Sanitation	3 866 371	(3 758 391)	107 980
-	(89 309)	(89 309)	Storm water Drainage	-	(112 866)	(112 866)
655 396	(228 504)	426 892	Vehicle Licenses	726 966	(256 877)	470 089
6 087 956	(2 404 143)	3 683 813	Water	6 400 538	(2 194 993)	4 205 545
75 197 107	(58 910 440)	16 286 667	Sub Total	79 759 867	(57 343 610)	22 416 257
-	-	-	Less Inter-Departmental Charges	-	-	-
75 197 107	(58 910 440)	16 286 667	Total	79 759 867	(57 343 610)	22 416 257

APPENDIX D - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R
42 335 076	-21 450 001	20 885 075	Executive & Council	40 661 127	-16 989 064	23 672 063
4 563 456	-5 958 445	-1 394 989	Budget & Treasury	5 181 205	-5 914 527	-733 322
154 157	-3 153 995	-2 999 838	Corporate Services	143 789	-3 224 815	-3 081 026
-	-	-	Planning & Development	-	-	-
-	-109 139	-109 139	Health	-	-179 260	-179 260
22 022	-800 502	-778 480	Community & Social Services	33 249	-917 062	-883 813
-	-	-	Housing	-	-	-
656 090	-233 504	422 586	Public Safety	727 624	-261 329	466 295
270 184	-2 325 307	-2 055 123	Sport & Recreation	198 580	-2 394 628	-2 196 048
-	-	-	Environmental Protection	-	-	-
2 710 767	-2 926 037	-215 270	Waste Management	3 225 988	-2 838 424	387 564
3 307 924	-3 351 336	-43 412	Waste Water Management	3 866 371	-3 871 257	-4 886
-	-4 342 024	-4 342 024	Road Transport	-	-5 320 331	-5 320 331
6 087 956	-2 404 143	3 683 813	Water	6 400 538	-2 194 993	4 205 545
15 089 475	-11 856 007	3 233 468	Electricity	19 321 396	-13 237 920	6 083 476
						-
75 197 107	-58 910 440	16 286 667	Sub Total	79 759 867	-57 343 610	22 416 257
-	-	-	Less Inter-Departmental Charges	-	-	-
75 197 107	(58 910 440)	16 286 667	Total	79 759 867	(57 343 610)	22 416 257

APPENDIX E(1) - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
MUNICIPAL VOTES CLASSIFICATION

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	4 847 313	4 847 313	-	0.00%	
Government Grants and Subsidies	39 880 539	20 680 363	19 200 176	92.84%	
Fines	108 556	90 395	18 161	20.09%	
Actuarial Gains	354 797	-	354 797	0.00%	
Service Charges	32 732 335	33 791 429	(1 059 094)	-3.13%	
Rental of Facilities and Equipment	309 454	534 492	(225 038)	-42.10%	Food damage to resort
Interest Earned - External Investments	355 301	159 988	195 313	122.08%	
Interest Earned - Outstanding Debtors	301 214	254 035	47 179	18.57%	
Licences and Permits	615 019	611 641	3 378	0.55%	
Agency Services	7 480	-	7 480	0.00%	
Other Revenue	247 859	328 680	(80 821)	-24.59%	Less building plans and sundry income
Total Revenue	79 759 867	61 298 336	18 461 531	2	
EXPENDITURE					
Aid Allowances	(68 049)	(70 000)	1 951	-2.79%	
Cemetery	(107 973)	(133 578)	25 605	-19.17%	
Civic Centre	(456 785)	(441 834)	(14 951)	3.38%	
Cleansing	(2 051 561)	(2 728 144)	676 583	-24.80%	
Council General	(16 989 064)	(23 720 400)	6 731 336	-28.38%	
Douglas Holiday Resort	(1 396 713)	(1 422 209)	25 496	-1.79%	
Electricity	(13 237 920)	(13 344 762)	106 842	-0.80%	
Finance	(5 846 478)	(4 441 675)	(1 404 803)	31.63%	Depreciation & Internal Charges
Fire Brigade	(4 452)	(107 610)	103 158	-95.86%	
Health Services	(179 260)	(206 921)	27 661	-13.37%	
Library's	(809 089)	(776 426)	(32 663)	4.21%	
Commonage	(233 463)	(40 502)	(192 961)	476.42%	Depreciation
Municipal Manager	(1 681 523)	(1 852 369)	170 846	-9.22%	
Parks & Recreation	(997 915)	(961 735)	(36 180)	3.76%	
Properties	(853 044)	(409 082)	(443 962)	108.53%	Depreciation
Public Works: Roads	(5 320 331)	(4 406 589)	(913 742)	20.74%	Depreciation
Sanitation	(786 863)	(1 094 328)	307 465	-28.10%	
Sewerage & Sanitation	(3 758 391)	(2 556 640)	(1 201 751)	47.01%	Depreciation
Storm water Drainage	(112 866)	(126 350)	13 484	-10.67%	
Vehicle Licenses	(256 877)	(271 166)	14 289	-5.27%	
Water	(2 194 993)	(2 186 016)	(8 977)	0.41%	
Less Inter-Departmental Charges	-	-	-	0.00%	
Total Expenditure	(57 343 610)	(61 298 336)	3 954 726	5	
SURPLUS / (DEFICIT) FOR THE YEAR	22 416 257	-	22 416 257	6	

**APPENDIX E(1) - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

	2010 Actual (R)	2010 Budget (R)	2010 Variance (R)	2010 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property Rates	4 847 313	4 847 313	-	0.00%	
Government Grants and Subsidies	39 880 539	20 680 363	19 200 176	92.84%	
Fines	108 556	90 395	18 161	20.09%	
Actuarial Gains	354 797	-	354 797	0.00%	
Service Charges	32 732 335	33 791 429	-1 059 094	-3.13%	
Rental of Facilities and Equipment	309 454	534 492	-225 038	-42.10%	Food damage to resort
Interest Earned - External Investments	355 301	159 988	195 313	122.08%	
Interest Earned - Outstanding Debtors	301 214	254 035	47 179	18.57%	
Licences and Permits	615 019	611 641	3 378	0.55%	
Agency Services	7 480	-	7 480	0.00%	
Other Revenue	247 859	328 680	-80 821	-24.59%	Less building plans and sundry income
Total Revenue	79 759 867	61 298 336	18 461 531	2	
EXPENDITURE					
Executive & Council	-16 989 064	-23 720 400	6 731 336	-28.38%	
Budget & Treasury	-5 914 527	-4 511 675	-1 402 852	31.09%	Depreciation & Internal Charges
Corporate Services	-3 224 815	-2 743 787	-481 028	17.53%	Depreciation
Health	-179 260	-206 921	27 661	-13.37%	
Community & Social Services	-917 062	-910 004	-7 058	0.78%	
Sport & Recreation	-2 394 628	-2 383 944	-10 684	0.45%	
Waste Water Management	-3 871 257	-2 682 990	-1 188 267	44.29%	Depreciation
Road Transport	-5 320 331	-4 406 589	-913 742	20.74%	Depreciation
Water	-2 194 993	-2 186 016	-8 977	0.41%	
Electricity	-13 237 920	-13 344 762	106 842	-0.80%	
Less: Interdepartmental Charges	-	-	-	0.00%	
Total Expenditure	-57 343 610	-61 298 336	3 954 726	0	
SURPLUS / (DEFICIT) FOR THE YEAR	22 416 257	-	22 416 257	2	

APPENDIX E (2) - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Electricity	1 413 867	-	1 413 867	-	1 413 867	0.00%	Roll-overs not Budgeted for
Finance	11 053	-	11 053	-	11 053	0.00%	Roll-overs not Budgeted for
Library's	3 500	-	3 500	374 000	-370 500	-99.06%	Roll-overs not Budgeted for
Public works: roads	6 574 928	-	6 574 928	966 637	5 608 291	580.19%	Roll-overs not Budgeted for
Sewerage and sanitation	8 774 482	-	8 774 482	-	8 774 482	0.00%	Roll-overs not Budgeted for
Water	109 372	-	109 372	6 672 664	-6 563 292	-98.36%	Roll-overs not Budgeted for
Total	16 887 202	-	16 887 202	8 013 301	8 873 901	110.74%	

APPENDIX E (2) - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2010
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
GENERAL FINANCE STATISTIC CLASSIFICATIONS

	2010 Actual	2010 Under Construction	2010 Total Additions	2010 Budget	2010 Variance	2010 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Budget & Treasury	11 053	-	11 053	-	11 053	0.00%	Roll-overs not Budgeted for
Community & Social Services	3 500	-	3 500	374 000	-370 500	-99.06%	Roll-overs not Budgeted for
Waste Water Management	8 774 482	-	8 774 482	-	8 774 482	0.00%	Roll-overs not Budgeted for
Road Transport	6 574 928	-	6 574 928	966 637	5 608 291	580.19%	Roll-overs not Budgeted for
Water	109 372	-	109 372	6 672 664	-6 563 292	-98.36%	Roll-overs not Budgeted for
Electricity	1 413 867	-	1 413 867	-	1 413 867	0.00%	Roll-overs not Budgeted for
Total	16 887 202	-	16 887 202	8 013 301	8 873 901	110.74%	

APPENDIX F - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 1 JULY 2009	Correction of error	Restated balance 1 JULY 2009	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2010
UNSPENT/UNPIAD CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	R			R	R	R	R	R	R
Library Project	544 608	-	544 608	-	-	-	10 490	3 500	530 618
Brickmaking Project	2 717	-	2 717	-	-	-	-	-	2 717
Housing Schmidtsdrift	-656 820	-	-656 820	488 129	-	-	-	1 284 262	-1 452 953
Douglas/Bongani Parks	10 946	-	10 946	-	-	-	-	-	10 946
WSA Capacity Building Programme	27 746	-	27 746	81 599	-	-	-	109 372	-27
FMG	225 130	-	225 130	850 000	-	-	1 367 032	-	-291 902
Droughth Relief	11 598	-	11 598	-	-	-	10 647	-	951
MSIG	88 682	-	88 682	750 000	-	-	715 268	11 053	112 361
MIG	2 730 705	-	2 730 705	12 039 000	-	-	-	8 774 482	5 995 223
Schmidtsdrift Electrification	-156 235	-	-156 235	-	-	-	-	28 653	-184 888
Impumelelo Awards HIV/AIDS	21 092	-	21 092	-	-	-	-	-	21 092
Learnership De Aar	-36 000	-	-36 000	242 459	-	-	184 430	-	22 029
Siyancuma Town Planning	-1 303 429	-	-1 303 429	894 103	-	-	-	687 645	-1 096 971
LG Seta	121 625	-	121 625	71 642	-	-	25 261	-	168 006
Sports Development	12 079	-	12 079	-	-	-	-	-	12 079
Excess Road Mathlomola	-230 694	-	-230 694	-	-	540	-	-	-230 154
EPWP	-	-	-	4 424 002	-	-	-	4 499 192	-75 190
Royalties Mines (Streets)	-	-	-	107 678	-	-	-	103 828	3 850
Department of Minerals & Energy	-	-	-	922 000	-	-	-	1 385 214	-463 214
Total	1 413 750	-	1 413 750	20 870 612	-	540	2 313 128	16 887 201	3 084 573

Library Project

Provincial Department - Library maintenance and Expenses

Brickmaking Project

Provincial Department - Job creation

Housing Schmidtsdrift

National Housing Department - Infrastructure of houses

**APPENDIX F - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Douglas/Bongani Parks

Provincial Department - Job creation

WSA Capacity Building Programme

Provincial Department - Supply of water.

FMG

National Treasury - Financial Management

Droughth Relief

National Treasury - Supply of water

MSIG

National Treasury - Municipal System Improvement

MIG

National Treasury - Municipal Infrastructure Improvement

Schmidsdrift Electrification

National Housing Department - Infrastructure of houses

Impumelelo Awards HIV/AIDS

National Treasury - HIV/AIDS Projects

Learnership De Aar

District Municipality - Job creation projects

Siyancuma Town Planning

National Housing Department - Infrastructure of houses

LG Seta

National Treasury - Personnel Training

Sports Development

APPENDIX F - Unaudited
SIYANCUMA LOCAL MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Provincial Department - Sports Development

Excess Road Mathlomola

Provincial Department - Road Maintenance

EPWP

Provincial Department - Road Maintenance

Royalties Mines (Streets)

Local mines - Road Maintenance

Department of Minerals & Energy

Provincial Department - Infrastructure development